ANNUAL REPORT 2019

ManpowerGroup

万宝盛华大中华有限公司

MANPOWERGROUP GREATER CHINA LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock code: 2180

CONTENT

Corporate Profile

Manpower GRC provides comprehensive workforce solutions and other HR services to clients located in each market in Greater China, namely, the PRC, Hong Kong, Macau and Taiwan. The Group's largest stakeholder, MAN, is a New York Stock Exchange-listed world leader in workforce solutions and services, which first tapped into the Greater China region in 1997, when it commenced operations in Hong Kong and Taiwan and subsequently entered mainland China in 2003 and Macau in 2007. As at 31 December 2019, the Group served a broad range of corporate and government clients in over 150 cities in the Greater China markets, operating more than 20 offices.

Inheriting MAN's global reputation, the Group, with over two decades of dedicated work, developed deep connections with both multinational clients and local clients doing business in the Greater China Region and achieved prominent brand recognition. During 2019, the Group further expanded its business, introduced HR services to new clients across industries in the Greater China Region. The Group had a net increase of approximately 340 customers as at 31 December 2019.

Over the years, the Group has sustained a good financial performance and generated reasonable returns for its Shareholders. On 10 July 2019, Manpower GRC was successfully listed on the Main Board of the Stock Exchange with the stock code 2180. Having strong support from MAN, Manpower GRC keeps on providing tailored solutions to its clients and expanding its business scale and market share and is well positioned to capture the robust growth potential in the HR services market.

Corporate Information

BOARD OF DIRECTORS

Executive Director

Mr. YUAN Jianhua

Non-executive Directors

Mr. Darryl E GREEN *(Chairman)*
Mr. Sriram CHANDRASEKAR
Mr. ZHANG Yinghao
Mr. ZHAI Feng

Independent non-executive Directors

Mr. Thomas YEOH Eng Leong
Ms. WONG Man Lai Stevie
Mr. Victor HUANG

AUDIT COMMITTEE

Mr. Victor HUANG *(Chairman)*
Mr. Sriram CHANDRASEKAR
Mr. ZHAI Feng
Mr. Thomas YEOH Eng Leong
Ms. WONG Man Lai Stevie

REMUNERATION COMMITTEE

Mr. Thomas YEOH Eng Leong *(Chairman)*
Mr. Darryl E GREEN
Mr. ZHANG Yinghao
Ms. WONG Man Lai Stevie
Mr. Victor HUANG

NOMINATION COMMITTEE

Ms. WONG Man Lai Stevie *(Chairman)*
Mr. Darryl E GREEN
Mr. ZHANG Yinghao
Mr. Thomas YEOH Eng Leong
Mr. Victor HUANG

SENIOR MANAGEMENT

Mr. YUAN Jianhua *(Chief executive officer and president)*
Mr. CUI Zhihui *(Chief financial officer)*

JOINT COMPANY SECRETARY

Ms. WONG Yee Man *(ACS, ACIS)*
Ms. GAO Xingyue

AUTHORISED REPRESENTATIVES

Mr. YUAN Jianhua
Ms. WONG Yee Man

AUDITOR

Deloitte Touche Tohmatsu

COMPLIANCE ADVISOR

Orient Capital (Hong Kong) Limited

LEGAL ADVISOR

Sidley Austin LLP
Maples and Calder (Hong Kong) LLP

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Hong Kong

Corporate Information

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR

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Grand Cayman KY1-1102
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HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Rooms 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKS

Shanghai Securities Building branch,
Industrial and Commercial Bank of China

The Hongkong and Shanghai Banking Corporation Limited

WEBSITE

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STOCK CODE

2180

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Management Discussion and Analysis

RESULT ANALYSIS AND BUSINESS REVIEW

Performance Highlights

- Total revenue of the Group was RMB3,041.5 million for the year ended 31 December 2019, representing an increase of approximately 22.1% from RMB2,491.5 million for the year ended 31 December 2018.

- Adjusted profit attributable to owners of the Company from continuing operations[1] (excluding one-off listing expenses, impairment loss on goodwill, and expenses in relation to stock options granted during the year) was RMB135.0 million for the year ended 31 December 2019, increased by approximately 19.3% from RMB113.2 million for the year ended 31 December 2018.

- The Group had a total of 1,248 full time employees as at 31 December 2019. The average revenue generated per employee amounted to RMB2.4 million for the year ended 31 December 2019, increased by approximately 34.5% compared to the same period last year. The average adjusted profit generated per employee amounted to RMB0.1 million for the year ended 31 December 2019, increased by approximately 34.1% compared to the same period last year.

- Cash and bank deposits of the Group amounted to RMB944.7 million as at 31 December 2019, an increase of 86.7% from RMB506.0 million in the previous year.

- The Board recommended the payment of a final dividend in respect of the year ended 31 December 2019 of HK$0.27 per ordinary Share (equivalent to approximately RMB0.24 per ordinary Share) to the Shareholders, in an aggregate amount of approximately HK$56 million (equivalent to approximately RMB50 million), representing approximately 45% of the Group's profit attributable to owners of the Company from continuing operations for the year ended 31 December 2019.

Note:

(1) The adjusted profit attributable to owners of the Company from continuing operations is not a measure of performance under IFRSs. For further details, please refer to the paragraph headed "Non-GAAP Financial Measure" on page 14 of this report.

RESULT ANALYSIS AND BUSINESS REVIEW (Continued)

Business Review

A key milestone of the Group was marked in 2019 upon the listing of the Company's shares on the Main Board of Stock Exchange on 10 July 2019. During the Relevant Year, the Group noticed a strong growth momentum of the HR industry across the Greater China Region, especially in the flexible staffing business sector in China and Taiwan. However, the macro environment had been challenging amid structural slowdown of the economy and the US-China trade war, suppressing short-term demands for some of the Group's services especially the headhunting business in the Greater China Region. Furthermore, social unrest in Hong Kong had affected the Group's higher-margin businesses, resulting in a smaller profit contribution from Hong Kong in the second half of 2019.

In 2019, the Group achieved total revenue of RMB3,041.5 million, representing an increase of approximately 22.1% compared to 2018. Revenue generated from flexible staffing business grew by approximately 26.4% year-on-year to RMB2,685.2 million in spite of the negative impact of the escalating social unrest in Hong Kong which had lasted for more than half of the year. During the Relevant Year, adjusted profit attributable to owners of the Company from continuing operations increased to RMB135.0 million, representing a year-on-year growth of approximately 19.3%. The Board has proposed a final dividend for 2019 of HK$0.27 per ordinary Share, representing approximately 45% of the Group's earnings per share attributable to Shareholders.

Despite the challenging market conditions in Hong Kong, the Group continued its investment in China and Taiwan with a strong focus on flexible staffing business in 2019. The Group expanded the scale of its flexible staffing business during the Relevant Year in consistence with the plan of the use of proceeds from the Listing stated in the Prospectus. Total number of flexible staffing employees and partners increased substantially during the Relevant Year, mainly driven by a rapid team expansion in China. Total number of associates placed during the Relevant Year increased by approximately 9.7% from 31,000 in 2018 to approximately 34,000 in 2019, among which total number of associates placed in China grew significantly by approximately 65.0%.

During the Relevant Year, the Group streamlined its geographical operational structure in China with a view to accelerating its expansion and increasing its market share in Southern, Central and Western China in addition to its strong market positions in tier-one cities such as Shanghai, Beijing and Hong Kong. In terms of industry development, the Group strengthened its business development in the new economy and technology sector, to which all of the Group's top five clients during the Relevant Year belong, increasing the number of clients from this sector by approximately 39.4% on a year-over-year basis. The Group further deepened the relationships with existing customers, of which revenue contribution from top five clients had increased by approximately 44.5% in 2019 compared with last year. During the Relevant Year, the Group's top five clients accounted for approximately 27% of its total revenue.

Aligning with the technology-oriented development trend of the HR industry that is steering towards platformisation, crowdsourcing and digitalisation, the Group had accelerated its investment in research and development of the workforce platform and strengthened its internal technological infrastructure since the Listing. During the Relevant Year, the Group had restructured its information technology department and innovation product department, both of which are directly led by the chief executive officer of the Group, and had upgraded its internal operating system and optimised database infrastructure with a fast-growing talent pool of over 4.5 million at the end of 2019.

RESULT ANALYSIS AND BUSINESS REVIEW (Continued)

Business Review (Continued)

Dedicated to providing customised and professional services to its clients, the Group had received wide recognition in the Greater China Region with a number of testaments including "The Best Comprehensive HR Service Provider in Greater China" (大中華區最佳綜合人力資源服務機構) awarded by HRoot, "2019 Most Outstanding HR Service Provider" (年度最佳人力資源綜合服務機構) awarded by TopHR, "Best HR Award 2019 – Recruitment Agency of the Year" (2019最佳人力資源招聘機構) awarded by Bronze and "2019 Most Outstanding contribution Recruitment Partner" (2019傑出貢獻招聘合作夥伴獎) awarded by Home Credit. The Group was also ranked as one of the "2019 China Top 12 Flexible Staffing Service Providers" ("2019中國靈活用工服務機構12強") by HR Excellence Center.

FUTURE OUTLOOK AND STRATEGIES FOR 2020

A Year with Opportunities and Challenges

2020 commenced with a worldwide outbreak of the novel coronavirus. Coupled with the uncertainties in global economy and volatility in financial market, the Group sees both opportunities and challenges in 2020.

With the outbreak of the coronavirus in early 2020, the business operations of the Group as well as that of its clients have been delayed temporarily after the Chinese New Year due to the quarantine policies and limited business activities across the Greater China Region. The Group believes the coronavirus outbreak will mainly affect the Group's recruitment services in the first half of the year and expects a full recovery of business activities depends on how soon the epidemic is under control with people resuming their normal lives. Undertaking the corporate social responsibility to help fight against the coronavirus, the Group has set up a public welfare fund of RMB1.38 million with its associate companies and donated RMB1 million to four hospitals in Hubei province in early February. The Group vows to proactively take part in the economic recovery of Wuhan and other areas in Hubei province, where they remain as the Group's key regions for future development.

Meanwhile, the Chinese government has implemented a series of policies to help the affected corporates to resume their operations and to alleviate economic impact from the coronavirus epidemic in order to stabilise employment. Such policies have been beneficial to the Group, its clients as well as the talents in the market. As a leading HR company, the Group is well-positioned to capture any opportunities from the restoration of economic activities and the delayed recruitment demands of its clients. More importantly, the concept of flexible staffing has gained popularity among corporates and entrepreneurs during the quarantine period when the work-from-home policy was widely adopted by corporations nationwide, accelerating the penetration of flexible staffing arrangements as a relatively new HK service in the market of China. Under the shadow of coronavirus, the first half of 2020 is expected to be challenging, but the Group believes that the gradual penetration of flexible staffing arrangements in China and the recovery of business demands after the pandemic will drive the growth of the Group in the near future.

In terms of business performance by region, the Group expects a strong momentum in China in 2020, driven by a currently low rate of penetration of flexible staffing business nationwide and the first mover advantage of the Group in the market, while the growth in Taiwan and Macau is expected to be steady. As for the Hong Kong market, the Group remains cautious over the political situation and coronavirus outbreak in the region.

FUTURE OUTLOOK AND STRATEGIES FOR 2020 (Continued)

Flexible Staffing as Strategic Focus in 2020

The strategic focus in 2020 will remain on flexible staffing business with strong emphasis on the China market, where the flexible staffing market is still in its early stage of development and is relatively fragmented. The Group believes that it will continue to benefit from the industry growth supported by its strong global branding effect and leading market position.

To strengthen the synergy among product lines, of which it is one of the Group's key competitive advantages, the Group has been actively pushing through the strategic initiative of "All-in Staffing" internally since last year in order to promote cross-selling of flexible staffing services to existing clients and new clients, particularly those in the new economy and technology sector. The Group's workforce technology platforms and innovative services could further diversify the service offerings and improve competitive advantage. The Group is going to strengthen its market position in China through business development in the new economy and technology sector in Northern China, in particular Beijing, and to accelerate expansion into Southern, Central, and Western China to gain more market share and achieve economies of scale.

More Technology Investment on Workforce Platforms

Moving forward to 2020, the Group will continue to increase technology investment at a larger scale and faster pace focusing on flexible staffing arrangement. The Group aims at integrating various workforce products into its internal operating system and organisational structure in order to achieve a comprehensive workforce platform with efficient HR solutions, increasing the profitability across business lines.

First, on the recruiting technology aspect, the Group will invest in mobile recruitment solutions, a digitalised and artificial intelligence ("AI")-driven recruiting platform, and an integrated applicant tracking system product. Not only will these help the Group improve recruitment efficiency and competitiveness, but these will also strengthen the Group's position in the long run by equipping it with different work models. In December 2019, the Group launched a mobile-based talent portal (天天U才), which enables the swift and accurate matching between candidates and positions, thereby improving recruitment efficiency and growing its talent pool more rapidly. Following the success of 天天U才, the Group is going to launch its digitalised and AI-driven recruiting platform (天天U單) in the first half of 2020 with the concept of flexible staffing and the Group's "Alliance" strategy, bridging internal and external recruitment resources with the recruitment needs of its clients, and creating additional revenue streams for the Group.

Second, the Group will continue to promote the development and monetisation of flexible staffing service platforms. In the first quarter of 2020, the Group will launch the first version of a mobile-based staff service platform (天天U福), which is a one-stop employee value-adding platform providing welfare, career development, benefits and other services to the Group's associates and employees of its clients.

Third, the Group has launched the first phase of the "HR SaaS" platform, a product focusing on the specialised market of HR services in the Greater China Region. The Group offered the product for free to all its clients in support of the "work-from-home" policy during the difficult times of the coronavirus outbreak and have received positive market feedback.

Last but not least, the Group will continue to develop its training and upskilling platforms including the training SaaS platform and the "WoSkill" platform which specialises in professional skillsets.

FUTURE OUTLOOK AND STRATEGIES FOR 2020 (Continued)

Actively Seeking for Merger and Acquisitions and Cooperation Opportunities

In addition to organic growth, the Group will actively seek for strategic acquisitions and cooperation in 2020 to strengthen its leading position in the workforce solution market. The Group will continue to focus its mergers and acquisitions and cooperation strategy on flexible staffing business, in particular the businesses and opportunities that have potential in expanding the Group's flexible staffing service offerings and achieving synergy amongst different business lines.

In April 2020, the Group and Wind Information Technology Co. Ltd. ("Wind Technology") are in the process of setting up a joint venture to provide specialised expertise in the financial service industry under flexible staffing arrangement, which serves as a good example of the expansion of the Group's scope in flexible staffing to more sophisticated areas, and promoting flexible staffing services in the niche market of the financial service industry. The Group believes its diversified service offerings, abundant candidate resources and strong operational capabilities, combining with the extensive client network and competitive technological innovation of Wind Technology, will achieve synergy that creates more value for the Shareholders.

KEY OPERATING METRICS

The Group provides comprehensive workforce solutions under four business lines, namely (i) flexible staffing; (ii) headhunting; (iii) RPO; and (iv) other HR services, serving corporate and government clients across the Greater China region. The following table sets forth the Group's key operating metrics for the years or as at the dates indicated:

	2019	2018
Flexible staffing		
Number of associates placed during the year *(approximately)*	**34,000**	31,000
Number of candidates in flexible talent database as at the end of the year *(in thousands)*	**1,600**	1,400
Headhunting		
Number of placements placed during the year	**3,400**	4,100
Number of headhunters as at the end of the year	**360**	470
Number of candidates in headhunting database as at the end of the year *(in thousands)*	**2,400**	2,000
RPO		
Number of placements placed during the year	**3,100**	2,100
Overall		
Number of full time employees as at the end of the year	**1,248**	1,375
Average revenue generated per employee *(in RMB thousands)*	**2,437**	1,812
Average adjusted profit generated per employee *(in RMB thousands)*	**110**	82

FINANCIAL REVIEW

Revenue

During the Relevant Year, the Group derived its revenue primarily from (i) workforce solution services, including flexible staffing, headhunting and RPO; and (ii) other HR services, including HR consultancy services, training and development, career transition, payroll services as well as government solutions. The following table sets out a breakdown of the Group's revenue by business line for the years indicated:

	For the year ended 31 December			
	2019		2018	
	RMB'000	%	RMB'000	%
Workforce solution services				
Flexible staffing	**2,685,217**	**88.3**	2,124,304	85.3
Headhunting	**244,902**	**8.1**	272,343	10.9
RPO	**33,643**	**1.1**	30,143	1.2
Other HR services	**77,751**	**2.5**	64,704	2.6
Total	**3,041,513**	**100.0**	2,491,494	100.0

The Group's revenue increased by approximately 22.1% to RMB3,041.5 million for the year ended 31 December 2019 from RMB2,491.5 million for the year ended 31 December 2018. This increase was attributable to the following:

(i) the increase in revenue generated from flexible staffing by approximately 26.4% to RMB2,685.2 million for the year ended 31 December 2019 from RMB2,124.3 million for the year ended 31 December 2018, primarily due to the increase in number of associates placed during the year as a result of the expansion of the Group's flexible staffing business in China; and

(ii) the increase in revenue generated from other HR services by approximately 20.2% to RMB77.8 million for the year ended 31 December 2019 from RMB64.7 million for the year ended 31 December 2018, primarily due to the increase in revenue generated from government solution services in Taiwan during the Relevant Year.

Such increase was partially offset by the decrease in revenue generated from headhunting by approximately 10.1% to RMB244.9 million for the year ended 31 December 2019 from RMB272.3 million for the year ended 31 December 2018, primarily due to the decrease in number of successful placements made during the Relevant Year in view of the macro-economic pressure.

FINANCIAL REVIEW (Continued)

Revenue (Continued)

During the Relevant Year, the Group operated in the Greater China Region, including the PRC, Hong Kong, Macau and Taiwan with the PRC contributing the largest part of the Group's total revenue. The following table sets out a breakdown of the Group's revenue by geographic location for the years indicated:

	For the year ended 31 December			
	2019		2018	
	RMB'000	%	RMB'000	%
The PRC	1,511,849	49.7	1,179,587	47.3
Hong Kong and Macau	698,390	23.0	622,527	25.0
Taiwan	831,274	27.3	689,380	27.7
Total	3,041,513	100.0	2,491,494	100.0

Cost of services

The Group's cost of services consists of staff cost of flexible staffing arrangements and others such as subcontracting costs related to its headhunting services. The Group's cost of services increased by approximately 27.4% to RMB2,454.9 million for the year ended 31 December 2019 from RMB1,927.0 million for the year ended 31 December 2018. Such increase was generally in line with the revenue growth of the Group's flexible staffing business, primarily due to the expansion of business scale of the Group's flexible staffing business during the Relevant Year.

Gross profit and gross profit margin

Gross profit represents revenue less cost of services. As a result of the foregoing, the Group's gross profit increased by approximately 3.9% to RMB586.6 million for the year ended 31 December 2019 from RMB564.5 million for the year ended 31 December 2018. The Group recorded a smaller increase in gross profit than the increase in revenue for the year ended 31 December 2019, which was primarily due to (i) a smaller gross profit contribution by the Group's headhunting business affected by the macro-economic pressure; and (ii) a smaller gross profit contribution from Hong Kong especially from its higher margin businesses.

The Group's gross profit margin decreased to approximately 19.3% for the year ended 31 December 2019 from approximately 22.7% for the year ended 31 December 2018, primarily due to the increase in proportion of revenue generated from flexible staffing, which had a lower gross profit margin as compared to that of the Group's other business lines.

FINANCIAL REVIEW (Continued)

Gross profit and gross profit margin (Continued)

The following table sets out the Group's gross profit margin by business line for the years indicated:

	For the year ended 31 December		
	2019	2018	Change
	%	%	%
Workforce solution services			
Flexible staffing	**11.3**	12.0	–0.7
Headhunting	**90.3**	91.4	–1.1
RPO	**85.2**	96.2	–11.0
Other HR services	**42.2**	48.4	–6.2
Overall	**19.3**	22.7	–3.4

Gross profit margin of the Group's RPO business decreased by 11.0 percentage points to 85.2% for the year ended 31 December 2019 from 96.2% for the year ended 31 December 2018, which was primarily due to more direct costs incurred in relation to the subcontracted end-to-end RPO services. The gross profit margin of the Group's other business lines remained relatively stable during the Relevant Year.

Selling and administrative expenses

The Group's selling and administrative expenses primarily include (i) salaries and benefits; (ii) office expenses; and (iii) others, including travelling, marketing and advertising expenses.

The Group's selling expenses remained stable at RMB336.3 million and RMB345.4 million for the years ended 31 December 2018 and 2019, respectively. The Group's administrative expenses increased by approximately 11.6% to RMB75.2 million for the year ended 31 December 2019 from RMB67.4 million for the year ended 31 December 2018, which was primarily due to professional expenses incurred upon the Listing.

The Group's selling expenses accounted for approximately 13.5% and 11.4% of its total revenue for the years ended 31 December 2018 and 2019, respectively, while the Group's administrative expenses accounted for approximately 2.7% and 2.5% of its total revenue for the years ended 31 December 2018 and 2019, respectively. The decrease in both selling expenses and administrative expenses as a percentage of total revenue was primarily due to the improvement in operational efficiency.

FINANCIAL REVIEW (Continued)

Other income

The Group's other income primarily includes interest income on bank deposits and government grants. The Group's other income increased by approximately 251.6% to RMB10.9 million for the year ended 31 December 2019 from RMB3.1 million for the year ended 31 December 2018, which was primarily attributable to (i) the increase in interest income on bank deposits; and (ii) the increase in government grants as a result of the incentive subsidies received during the Relevant Year.

Other gains and losses

The Group's other gains and losses consist of impairment loss on goodwill, net exchange gains and the change in fair value of the Group's financial assets at FVTPL. The Group recorded other gains of RMB2.6 million for the year ended 31 December 2018, which was primarily attributable to the increase in fair value of the financial assets at FVTPL, partially offset by the net exchange loss. For the year ended 31 December 2019, the Group recorded other losses of RMB1.7 million, which was primarily attributable to the impairment loss on goodwill of Event Elite amounted to RMB6.2 million during the same year, partially offset by the increase in fair value of the Group's structured deposits amounted to RMB3.7 million.

Finance costs

The Group's finance costs represent the imputed interest that arose from lease liabilities upon the adoption of IFRS 16 since 2019. For the year ended 31 December 2019, the interest on lease liabilities amounted to RMB2.5 million while these was no interest on lease liabilities for 2018. The Group had no bank loans or convertible loans during the Relevant Year.

Income tax expense

The Group's income tax expense primarily consists of EIT, Hong Kong Profits Tax, Macau Complementary Tax and Taiwan Income Tax by its subsidiaries in the respective locations. The Group's income tax expense decreased by approximately 11.8% to RMB33.6 million for the year ended 31 December 2019 from RMB38.1 million for the year ended 31 December 2018. The Group's effective income tax rate decreased to 21.8% the year ended 31 December 2019 from 26.0% for the year ended 31 December 2018. Such decreases were primarily due to the withholding tax in respect of the dividend payment in Taiwan in 2018 whereas no such payment was made in 2019.

Profit for the year attributable to owners of the Company from continuing operations

As a result of the foregoing, the Group's profit for the year attributable to owners of the Company from continuing operations increased by approximately 15.9% to RMB110.1 million for the year ended 31 December 2019 from RMB95.0 million for the year ended 31 December 2018.

Profit for the year attributable to owners of the Company from discontinued operation

Profit for the year attributable to owners of the Company from discontinued operation decreased from RMB3.1 million for the year ended 31 December 2018 to nil for the year ended 31 December 2019 upon the disposal of Manpower & Reach Human Resource Service (Guangzhou) Co., Ltd on 12 December 2018 to a non-controlling shareholder of the Group.

Adjusted profit attributable to owners of the Company from continuing operations

The Group's adjusted profit attributable to owners of the Company from continuing operations (excluding one-off listing expenses, impairment loss on goodwill, and expenses in relation to stock options granted during the year) increased by approximately 19.3% to RMB135.0 million for the year ended 31 December 2019 from RMB113.2 million for the year ended 31 December 2018.

FINANCIAL REVIEW (Continued)

Adjusted profit attributable to owners of the Company from continuing operations (Continued)

Non-GAAP financial measure

Adjusted profit attributable to owners of the Company from continuing operations is a non-GAAP measure used by the management of the Group to provide additional information on its operating performance and is not a standard measure under IRFSs. Adjusted profit attributable to owners of the Company from continuing operations takes out the impact of listing expenses, impairment loss on goodwill, finance costs arising from lease liabilities and expenses in relation to stock options granted during the year, which are not indicators for evaluating the actual performance of the Group's business. The management of the Group believes that such a non-GAAP measure provides additional information to investors and others in understanding and evaluating the consolidated results of operations in the same manner as the management of the Group. The following table sets forth a reconciliation between the profit for the year and the adjusted profit for the year:

	For the year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company from continuing operations	**110,149**	95,040
Adjustment for:		
Listing expenses	**18,242**	18,195
Impairment loss on goodwill	**6,232**	–
Expenses in relation to stock options granted	**352**	–
Adjusted profit for the year attributable to owners of the Company from continuing operations	**134,975**	113,235

The definitions of adjusted profit should not be considered in isolation or be construed as an alternative to profit for the year or any other standard measure under IFRSs or as an indicator of operating performance. Adjusted profit of the Group may not be comparable to similarly titled measures used by other companies.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group expects to continue meeting its operating capital, capital expenditure and other capital needs with proceeds from the Listing and cash generated from operations. The Group currently does not have any plans for material additional external debt or equity financing and will continue to evaluate potential financing opportunities based on its need for capital resources and market conditions.

Net current assets

As at 31 December 2019, the Group's net current assets amounted to RMB1,017.8 million (31 December 2018: RMB548.5 million). Specifically, the Group's total current assets increased by approximately 54.4% to RMB1,470.7 million as at 31 December 2019 from RMB952.3 million as at 31 December 2018. The Group's total current liabilities increased by approximately 12.2% to RMB452.9 million as at 31 December 2019 from RMB403.8 million as at 31 December 2018. The increase in net current assets was primarily due to the increase in bank balances and cash as a result of the cash inflow from business operations and the proceeds from the Listing.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (Continued)

Cash position

As at 31 December 2019, the Group had bank balances and cash, together with its restricted bank deposits, time deposits with original maturity over three months and structured deposits (presented as financial assets at FVTPL) of RMB944.7 million (31 December 2018: RMB506.0 million). Such increase was primarily due to the cash inflow from business operations and the net proceeds from the Listing.

Indebtedness

As at 31 December 2019, the Group had lease liabilities of RMB81.8 million (31 December 2018: nil). The Group had no bank loans or convertible loans during the year and as at 31 December 2019 (31 December 2018: nil). As a result, the Group's gearing ratio (calculated as total bank and other borrowings divided by total equity) as at 31 December 2019 was not calculated (31 December 2018: nil).

Pledge of assets

There was no pledge of the Group's assets as at 31 December 2019.

Financial risks

The Group's activities expose it to a variety of financial risks, including currency risk, interest rate risk, other price risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management and has not used any derivatives and other instruments for hedging purposes.

Currency risk

The inter-company balances of the Company and certain subsidiaries are denominated in US$, which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the Group will closely monitor its foreign exchange exposure and will consider hedging of significant foreign currency exposure should the need arise.

Interest rate risk

The Group's exposure to fair value interest rate risks relates primarily to the Group's fixed-rate time deposits with original maturity over three months and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable rate restricted bank deposits and bank balances. The Group has not used derivative financial instruments to hedge any interest rate risk. The Group manages its interest rate exposures by assessing the potential impact arising from interest rate movements based on the current interest rate level and outlook.

Other price risk

The Group is exposed to equity price risk through its unquoted investments measured at FVTPL and FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging risk exposure should the need arise.

Credit risk

The Group's exposure to credit risks relates primarily to trade receivables, other receivables, amount due from ultimate holding company, amounts due from fellow subsidiaries, restricted bank deposits, time deposits with original maturity over three months and bank balances and cash and arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Concentrations of credit risk are managed by customer/counterparty and by geographical region.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (Continued)

Financial risks (Continued)

Credit risk (Continued)

The Group's concentration of credit risk by geographical location is mainly in the PRC, Hong Kong and Taiwan, which accounted for 48% (2018: 44%), 27% (2018: 29%), and 25% (2018: 27%) of the total trade receivables as at 31 December 2019, respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other than the concentration of credit risk on restricted bank deposits, time deposits with original maturity over three months and bank balances and cash placed in banks in which the counterparties are financially sound, the Group has no significant concentration of credit risk, with exposure spreading over a number of counterparties.

Liquidity risk

The Group manages its liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had outstanding performance bonds of RMB81.7 million (31 December 2018: RMB129.0 million), for which restricted bank deposits and financial assets at FVTPL were pledged as required by certain clients of the Group.

COMMITMENTS

As at 31 December 2019, the Group did not have any significant capital and other commitments, long-term obligations or guarantee (31 December 2018: nil).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 31 December 2019, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Save as disclosed in note 10 to the consolidated financial statements on pages 126 to 128 in this report, the Group did not have any material acquisition or disposal of subsidiaries, associated companies and joint ventures during the year ended 31 December 2019.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

Save as disclosed in note 20 to the consolidated financial statements on pages 138 to 139 in this report, there were no significant investments held by the Group as at 31 December 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group intends to utilise the net proceeds raised from the Listing to according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

USE OF PROCEEDS FROM THE LISTING

Net proceeds from the Listing (including the exercise of the over-allotment option), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately RMB458.2 million. Up to the date of this report, the net proceeds received from the Listing have been used, and will continue to be used, in a manner consistent with the proposed allocations in the Prospectus.

An analysis of the utilisation of the net proceeds from the Listing date up to 31 December 2019 is set out below:

	Planned use of net proceeds as stated in the Prospectus and after considering the additional net proceeds from the exercise of over-allotment option RMB'000	Actual use of net proceeds up to December 2019 RMB'000	Unutilised net proceeds as at 31 December 2019 RMB'000
Business expansion	**137,451**	18,135	119,316
Research and development	**137,451**	7,481	129,970
Future investments, strategic merger and acquisitions	**114,527**	–	114,527
Brand building and digital marketing	**22,924**	2,009	20,915
General working capital	**45,847**	12,581	33,266
Total	**458,200**	40,206	417,994

The unutilised net proceeds and its following intended timeframe for utilisation will be applied in the manner consistent with that mentioned in the Prospectus, which was based on the best estimation and assumption of future market conditions and industry development made by the Company at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry. The Directors are not aware of any material change to the planned use of net proceeds as at the date of this report.

EMPLOYEE, REMUNERATION POLICY AND TRAINING

The Group's employees include its own employees and associates. The Group's own employees refer to the employees for the Group's operations, including finance and information technology and excluding those for flexible staffing assignments. Associates refers to those who are assigned to work on client premises, typically under client instruction and supervision during the term of deployment. As at 31 December 2019, the Group employed approximately 1,248 own full time employees and approximately 34,000 associates.

The Group offers its own employee remuneration packages that include salary and bonuses, and determines employees remuneration based on factors such as qualifications and years of experience. The Group's own employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. The Group has established labour unions in the PRC to protect employees' rights, helping the Group achieve its economic goals and encourage employees to participate in its management decisions.

EMPLOYEE, REMUNERATION POLICY AND TRAINING (Continued)

As for the Group's associates who are employed on a contract basis, they are cross-trained in multiple aspects of staffing as the Group provides relevant training to help them adapt to clients' positions quickly, including trainings on computer skills and other soft skills. Such training equips the associates the ability to assist the Group's clients in different positions and departments, furthermore, it helps associates find better positions through talent upskilling.

The Company adopted the Share Option Scheme on 5 June 2019 as an incentive for eligible employees and Directors, details of which are set out in the section headed "D. Other Information – 1. Share Option Scheme" in Appendix IV to the Prospectus.

EVENTS AFTER THE REPORTING PERIOD

The outbreak of novel coronavirus in the PRC, which subsequently spread through other regions including Hong Kong, Macau and Taiwan, has affected many businesses to different extents in early 2020. The respective governments in the PRC, Hong Kong, Macau and Taiwan had implemented different types and levels of precautionary measures in an attempt to curb the spread of the pandemic. Hence, the Group's ability to serve customers will largely depend on (i) the effectiveness of the government measures that have been implemented; (ii) continuous availability of workforce which may be affected by the temporary travel restrictions and home quarantine requirements; and (iii) customers' confidence and demand which may be influenced by the market sentiments and economic performances in different jurisdictions.

Save for the above, there were no material events undertaken by the Group subsequent to 31 December 2019 up to the date of this report.

Biographies of Directors and Senior Management

DIRECTORS

Executive Director

Mr. YUAN Jianhua (**袁建華**), aged 44, was first appointed as the Director on 26 September 2014 and re-designated as the executive Director on 18 January 2019. Mr. YUAN is primarily responsible for formulating overall strategic decisions, business planning and making major operational decisions. Since January 2015, Mr. YUAN has served as the president of Manpower China and was later appointed as the Chief Executive Officer in September 2015. He is responsible for overseeing the Group's operations within the Greater China Region. He also holds directorship in a number of the Group's subsidiaries.

Mr. YUAN first joined Manpower China in July 2003. From then to July 2009, Mr. YUAN served as a business director at Manpower China and was primarily responsible for the management of the finance, legal and information technology departments and the Group's government clients. From July 2009 to October 2012, he served as the managing director of Manpower China and was responsible for overseeing the management of its business operations in the PRC. From December 2012 to December 2014, Mr. YUAN served as the chief operating officer of the Asia Pacific and Middle East region at MAN and was responsible for overseeing the regional operations and functions.

Prior to joining Manpower China, from August 1999 to July 2003, Mr. YUAN worked at DHL-Sinotrans International Air Courier Ltd. (中外運－敦豪國際航空快件有限公司), a company specialising in express courier services, where he last served in a management position. Mr. YUAN obtained a bachelor's degree of economics in accounting from Donghua University (東華大學) (formerly known as China Textile University (中國紡織大學)) in the PRC in July 1998 and a master's degree in business administration from Fudan University (復旦大學) in the PRC in January 2005. He has been a non-practising member of the Shanghai Institute of Certified Public Accountants since December 2009.

DIRECTORS (Continued)

Non-executive Directors

Mr. Darryl E GREEN, aged 59, was appointed as the Chairman and Director on 28 August 2015 and re-designated as the non-executive Director on 18 January 2019. Mr. GREEN is primarily responsible for providing strategic guidance for the overall development of the Group. He has also served as a director of Manpower BVI, Manpower HK, Manpower Services HK and ManpowerGroup Solutions HK. From October 2007 to January 2013, he was the chairman of Manpower China. He served as a director of Manpower China until August 2014.

Mr. GREEN first joined the MAN Group in May 2007. From then to December 2008, he served as the executive vice president for MAN and the president of Asia Pacific region. From January 2009 to October 2012, he served as the executive vice president and president of Asia Pacific Middle East region at MAN and was promoted to the president at MAN in November 2012. From May 2014 to August 2018, he served as the president and the chief operating officer at MAN and was primarily responsible for operational performance of four regions including Americas, Asia Pacific Middle East, Southern and Northern Europe. Since July 2007, Mr. GREEN has served as non-executive chairman of ManpowerGroup Co Ltd in Japan, a subsidiary of MAN.

Prior to joining MAN Group, in November 1999, Mr. GREEN joined Asia Global Crossing Ltd, a telecommunication carrier, as the president for Japan. From 2001 to October 2003, Mr. GREEN served as the chief executive officer at J-Phone Co., Ltd. in Japan (the name of which was subsequently changed to Vodafone K.K. in October 2003), where he was primarily responsible for the overall management and operational performance. From then to June 2004, Mr. GREEN served as the chief executive officer at Vodafone K.K. (currently known as SoftBank Corp.), a company specialising in the provision of telecommunication services. From June 2005 to May 2007, Mr. GREEN served as the chief executive officer at Tata Teleservices Limited, a company specialising in the provision of broadband and telecommunication services. Mr. GREEN obtained a bachelor's degree of arts from Brigham Young University in the United States in April 1984. He also obtained a master's degree of business administration from the Tuck School of Business at Dartmouth (formerly known as Amos Tuck School of Business Administration) in the United States in June 1989.

Mr. Sriram CHANDRASEKAR, aged 53, was appointed as the Director on 28 August 2015 and re-designated as the non-executive Director on 18 January 2019. Mr. CHANDRASEKAR is primarily responsible for providing strategic guidance for the overall development of the Group. He has also served as the director of Manpower BVI, Manpower HK, Manpower Services HK and ManpowerGroup Solutions HK.

Mr. CHANDRASEKAR joined the MAN Group as the chief operating officer for the Asia Pacific region in April 2008 and was promoted to the senior vice president of operational excellence and IT in October 2012. From February 2014 to December 2018, Mr. CHANDRASEKAR served as the executive vice president of operational excellence and IT and the president of Asia Pacific Middle East region at MAN. He has continued to serve as the executive vice president of operational excellence, technology and transformation at MAN since January 2019. He has also served as global brand leader for the Experis brand at MAN since January 2016. Mr. CHANDRASEKAR ceased to be the executive vice president of MAN since October 2019 to take a sabbatical from work to pursue his passion for learning, exploring philosophy and theology and finding ways to fundamentally touch and transform people's lives in new ways.

Prior to joining MAN Group, from January 1999 to April 2008, Mr. CHANDRASEKAR worked at Sterling Infotech, a group with interests in telecommunication and other sectors, where he last served as the chief operating officer. Mr. CHANDRASEKAR obtained a bachelor's degree of commerce and a master's degree of commerce from the University of Madras in India in May 1986 and October 1989, respectively. In August 1992, he obtained a master's degree in professional accounting from Georgia State University in the United States.

DIRECTORS (Continued)

Non-executive Directors (Continued)

Mr. ZHANG Yinghao (**張迎昊**), aged 43, was appointed as the Director on 28 August 2015 and was re-designated as the non-executive Director on 18 January 2019. He is responsible for providing strategic guidance for the overall development of the Group. Mr. ZHANG has been serving as the managing director at CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司) ("CITICPE") since January 2011, a company that specialises in asset management, where he was primarily responsible for managing private equity investments in commercial service sector and the daily operations of the commercial services investment department. Mr. ZHANG is currently a director of CM Phoenix Tree Limited and CM Phoenix Tree II Limited, the Controlling Shareholders holding a total of 35.42% of the issued share capital of the Company. From August 2004 to 2009, Mr. ZHANG worked at China Life Insurance Co., Ltd. (中國人壽保險股份有限公司), a company specialising in insurance services, where he last served as the division manager in the investment management department. From January 2009 to December 2010, Mr. ZHANG served as the investment director at CITICPE, where he was primarily responsible for managing private equity investments in various sectors. From 2016 to 2017, Mr. ZHANG served as the director of BEST Inc., a company later listed on the NYSE (stock code: BSTI) and specialising in logistics and supply services in the PRC. Since November 2016, Mr. ZHANG has also served as the director of CIIC Guanaitong (Shanghai) Technology Co., Ltd. (中智關愛通(上海)科技股份有限公司), an employee benefit solutions provider listed on the National Equities Exchange and Quotations Co., Ltd. (stock code: 871282). Mr. ZHANG obtained a bachelor's degree in economic geography and urban and rural planning from Henan University (河南大學) in the PRC in July 1998. He also obtained a master's degree in management from The University of Lancaster in the United Kingdom in November 2001 and a master's degree in finance from The University of Manchester in the United Kingdom in November 2002.

Mr. ZHAI Feng (**翟鋒**), aged 52, was appointed as the Director on 28 August 2015 and was re-designated as the non-executive Director on 18 January 2019 and is primarily responsible for providing strategic guidance for the overall development of the Group. Mr. ZHAI has been serving as the managing director and the head of the investment management department at CITICPE since January 2013, an asset management company, where he is primarily responsible for management and operation related matters after investments.

From July 1991 to November 2012, Mr. ZHAI worked at Procter & Gamble (China) Sales Co. Ltd. (寶潔(中國)有限公司), a company specialising in the production and sale of consumer products, where he last served as the president of sales in Greater China. Mr. ZHAI has served as the director of Shaanxi Tourism Culture Industry Holding Co. Ltd. (陝西旅遊文化產業股份有限公司) ("Shaanxi Tourism"), an integrated tourism company (stock code: 870432), and CIIC Guanaitong (Shanghai) Technology Co., Ltd. (中智關愛通(上海)科技股份有限公司), an employee benefit solutions provider (stock code: 871282), both listed on the National Equities Exchange and Quotations Co., Ltd., since December 2015 and November 2016, respectively. Since October 2014, he has served as the director of Weihai Guangwei Composites Co., Ltd. (威海光威複合材料股份有限公司), a company principally engaged in research, development and production of carbon fiber and composite materials and listed on the Shenzhen Stock Exchange (stock code: 300699). Since December 2017, he has served as the director of Beijing Hualian Department Store Co., Ltd (北京華聯商廈股份有限公司), a company principally engaged in operation and management of shopping mall and cinema and listed on the Shenzhen Stock Exchange (stock code: 000882). Mr. ZHAI obtained a bachelor's degree in environmental engineering from Tongji University (同濟大學) in the PRC in July 1991.

DIRECTORS (Continued)

Independent non-executive Directors

Mr. Thomas YEOH Eng Leong (楊永亮), aged 57, was appointed as the independent non-executive Director on 15 March 2019. Mr. YEOH is responsible for providing independent advice to the Board. Mr. YEOH has over 26 years of experience in public service, private sector and capital markets. Since January 2010, he has served as the director of corporate development at Phillip Securities Pte Ltd., a retail stock broker in Singapore, where he was primarily responsible for business development. Prior to taking up his current position, he worked at Economic Development Board of Singapore and was promoted as the regional director (Europe) in April 1994. In September 1997, he was seconded to National Computer Board of Singapore as the director of industry and manpower development while he also served as the chief information officer at Economic Development Board of Singapore. In May 1998, he was appointed as the assistant chief executive (industry) at National Computer Board of Singapore. In January 2000, he joined WPV/SA/NSTB Fund as the general partner, a fund established by Warburg Pincus and National Science and Technology Board of Singapore focused on IT investment in Singapore. In August 2000, Mr. YEOH was appointed as the non-executive director of Boardroom Limited, a professional business services provider listed on the Singapore Exchange (stock code: B10), and served as its managing director and chief executive officer from January 2003 to September 2006. Mr. YEOH obtained a bachelor's degree in engineering from University of Malaya in Malaysia in August 1986, and master's degree in business administration from The City University of London in the United Kingdom in April 1995.

Ms. WONG Man Lai Stevie (黃文麗), aged 50, was appointed as the independent non-executive Director on 15 March 2019. Ms. WONG is responsible for providing independent advice to the Board. Ms. WONG has over 26 years of experience in management, marketing and sales, operations and product innovation. From September 2017 to October 2019, she served as chief executive officer, Greater China at Inchcape Hong Kong Limited, a distributor and retailer in the premium and luxury automotive sectors. Since November 2019, Ms. WONG joined L'oreal Group, a world leader in the Beauty Industry, as general manager. From July 1992 to June 2013, she worked at Procter & Gamble Company, a global fast moving consumer goods group listed on the New York Stock Exchange (stock code: PG), holding positions including assistant brand manager, brand manager, marketing director, general manager and vice president. From October 2013 to March 2017, she served as the chief executive officer at Water Oasis Group Limited, a beauty services and product provider listed on the Main Board of the Stock Exchange (stock code: 1161). Ms. WONG obtained a bachelor's degree of business administration in marketing from The Chinese University of Hong Kong in December 1992.

DIRECTORS (Continued)

Independent non-executive Directors (Continued)

Mr. Victor HUANG (**黃偉德**), aged 49, was appointed as the independent non-executive Director on 15 March 2019. Mr. HUANG is responsible for providing independent advice to the Board. Mr. HUANG has over 27 years of experience in finance, accounting and transaction services. He joined PricewaterhouseCoopers in Hong Kong in January 1993 and became its partner in July 2005. From July 2014 to August 2017, he served as a partner at KPMG in Hong Kong. Mr. HUANG has served as independent non-executive director of LBX Pharmacy Chain Co., Ltd. (老百姓大藥房連鎖股份有限公司), a pharmacy chain operator listed on the Shanghai Stock Exchange (stock code: 603883), and Trinity Limited (利邦控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 891) principally engaged in the retailing of premium menswear in Greater China and Europe and licensing of major brands globally, since February 2018 and December 2018, respectively. He is a member of the audit committee of Trinity Limited and was appointed as its chairman of nomination committee and a member remuneration committee on 22 August 2019. Mr. HUANG was appointed as an independent non-executive director, the chairman of the audit committee and a member of nomination committee and remuneration committee of Scholar Education Group (Stock Code: 1769), the shares of which were listed on the Main Board of the Stock Exchange on 21 June 2019, on 11 June 2019 and as independent non-executive director and a member of audit committee and nomination committee of Topsports International Holdings Limited, (Stock Code: 6110), the shares of which were listed on the Main Board of the Stock Exchange on 10 October 2019, on 20 June 2019. He has also been an independent non-executive director of Qingdao Haier Biomedical Co., Ltd. (青島海爾生物醫療股份有限公司) (stock code: 688139), a biological science and technology solutions provider and the shares of which were listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange on 25 October 2019, since August 2018. Mr. HUANG was appointed as independent non-executive director of China Bright Culture Group (Stock Code: 1859) on 3 February 2020, the shares of which were listed on the Main Board of the Stock Exchange on 13 March 2020. He is also the chairman of audit committee of China Bright Culture Group. Mr. HUANG obtained a bachelor's degree of arts in economics and business from University of California, Los Angeles in the United States in September 1992. He was admitted as an associate of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in June 1996. He was also certified as a qualified independent director of the Shanghai Stock Exchange in June 2018. Moreover, Mr. HUANG was appointed as independent non-executive director of China Bright Culture Group (Stock Code: 1859) on 3 February 2020, the shares of which were listed on the Main Board of the Stock Exchange on 13 March 2020. He is also the chairman of audit committee of China Bright Culture Group.

SENIOR MANAGEMENT

Mr. YUAN Jianhua (**袁建華**), aged 44, is the Chief Executive Officer and president. He is also the executive Director. Please refer to the paragraph "Executive Director" in this section.

Mr. CUI Zhihui (**崔志輝**), aged 44, has served as the Group's chief financial officer since January 2016 and is responsible for overseeing the management of financial affairs within the Greater China region. He also holds directorship in a number of the Group's subsidiaries. Prior to joining Manpower China, a subsidiary of the Group, from March 2007 to January 2016, Mr. CUI served as the chief financial officer at Capgemini Business Service (China) Co., Ltd. (廣東凱捷商業數據處理服務有限公司), a company specialising in business process outsourcing and information technology services, where he was primarily responsible for overseeing the management of financial affairs. Mr. CUI obtained a master's degree in business administration from the City University of Macau (formerly known as Asia International Open University (Macau)) in Macau in August 2001. Mr. CUI was admitted as a fellow of The Chartered Institute of Management Accountants in September 2015.

SENIOR MANAGEMENT (Continued)

JOINT COMPANY SECRETARIES

Ms. GAO Xingyue (高星月) was appointed as the joint company secretary on 18 January 2019. Ms. GAO has served as strategic manager of Manpower China since September 2018 and is responsible for capital operation and company secretarial matters, investor relations, strategic management and external and internal coordination affairs. Prior to joining the Group, from June 2016 to June 2018, she served as senior associate at Guoguang Global Asset Management Co., Ltd. (國廣環球資產管理有限公司), an asset management company where she was primarily responsible for merger and acquisition activities, due diligence, deal structuring and post-investment management. Ms. GAO obtained a bachelor's degree of arts in accounting and finance from University of Exeter in the United Kingdom in July 2014 and a master's degree of science in project and enterprise management from University College London in the United Kingdom in November 2015.

Ms. WONG Yee Man (黃綺汶) was appointed as the joint company secretary on 18 January 2019. Ms. WONG is currently a manager of Corporate Services of Vistra Corporate Services (HK) Limited, a professional provider of corporate services. She has had over nine years of experience in providing company secretarial and compliance services to private and listed companies. Ms. WONG obtained a bachelor's degree of science majoring in risk management from The University of Hong Kong and a master's degree of science in professional accounting and corporate governance from City University of Hong Kong. She has been an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators (now known as The Chartered Governance Institute) in the United Kingdom since 2012.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are set out below:

Mr. Sriram CHANDRASEKAR ceased to be the executive vice president of operational excellence, technology and transformation at MAN since October 2019.

Mr. Victor HUANG was appointed as the chairman of nomination committee and a member remuneration committee of Trinity Limited (Stock Code: 891) on 22 August 2019. He was also appointed as an independent non-executive director and a member of audit committee and nomination committee of Topsports International Holdings Limited (Stock Code: 6110) and as an independent non-executive director of Qingdao Haier Biomedical Co., Ltd. (Stock Code: 688139), the shares of which were listed on the Main Board of the Stock Exchange on 10 October 2019 and on the Science and Technology Innovation Board of the Shanghai Stock Exchange on 25 October 2019, respectively. Mr. HUANG was appointed as independent non-executive director of China Bright Culture Group (Stock Code: 1859) on 3 February 2020, the shares of which were listed on the Main Board of the Stock Exchange on 13 March 2020. He is the chairman of audit committee of China Bright Culture Group.

Ms. WONG Man Lai Stevie ceased to be employed by Inchcape Hong Kong Limited, a distributor and retailer in the premium and luxury automotive sectors in October 2019. In November 2019, Ms. WONG joined L'Oreal Group, a world leader in the beauty industry as a general manager.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own code on corporate governance since the Listing. The Company has complied with the code provisions sets out in the Corporate Governance Code since the Listing Date and up to 31 December 2019 except for the followings:

Pursuant to code provision A.1.1 of the Corporate Governance Code, board meetings should be held at least four times a year at approximately quarterly intervals. As the Company was only listed on 10 July 2019, only two Board meetings were held during the period from 10 July 2019 to 31 December 2019.

Pursuant to code provision C.3.3(e)(i) of the Corporate Governance Code, members of the audit committee should liaise with the board and senior management and the audit committee must meet, at least twice a year, with the Company's external auditor. As the Company was only listed on 10 July 2019, the audit committee of the Company only held one meeting during the period from the Listing Date to 31 December 2019.

THE BOARD OF DIRECTORS

Board composition

As at the date of this report, the Board consists of one executive Director, namely Mr. YUAN Jianhua, four non-executive Directors, namely Mr. Darryl E GREEN, Mr. Sriram CHANDRASEKAR, Mr. ZHANG Yinghao and Mr. ZHAI Feng and three independent non-executive Directors, namely Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG. An updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and of the Company, respectively. Their names and biographical details are set out in the "Biographies of Directors and Senior Management" section of this report. The overall management and supervision of the Company's operation and the function of formulating overall business strategies were vested in the Board. There are no financial, business, family or other material relationships among members of the Board.

During the period from the Listing Date to 31 December 2019, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. Their names and biographical details are set out in the "Biographies of Directors and Senior Management" section of this report. The three independent non-executive Directors represent more than one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer must represent at least one-third of the Board.

Directors' responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

Liability insurance for Directors and senior management of the Company is maintained by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

THE BOARD OF DIRECTORS (Continued)

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Darryl E GREEN and Mr. YUAN Jianhua respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Delegation by the Board

The management, consisting of executive Director along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day management and operations of the Group. Executive Director and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Directors' responsibilities for financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group for the year ended 31 December 2019 in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

Independent non-executive Directors

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. The functions of independent non-executive Directors include bringing an impartial view and judgment on issues of the Company's strategies, performance and control; and scrutinising the Company's performance and monitoring performance reporting.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have made positive contributions to the development of the Company through providing their professional advice to the Board.

All independent non-executive Directors are appointed for a term of one year.

Confirmation of independence

The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules and each of the independent non-executive Directors has made an annual written confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

THE BOARD OF DIRECTORS (Continued)

Board diversity policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, experience, independence and knowledge. The Company will also take into consideration its own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Board comprises eight members, including one female independent non-executive Director. The Directors also have a balanced mix of knowledge, skills and experience, including overall management, information technology and investment etc. They obtained degrees in various majors including economics in accounting, business administration, commerce, economic geography and urban and rural planning and environmental engineering. The Board has three independent non-executive Directors with different industry backgrounds, representing more than one-third of the Board members. Furthermore, the Board has a wide range of age, ranging from 43 years old to 59 years old. The Company has taken and will continue to take steps to promote gender diversity at all levels of the Group, including but without limitation at the Board and senior management levels. Taking into account the business model of the Group and its specific needs as well as the presence of one female Director out of a total of eight Board members, the Directors consider that the composition of the Board satisfies the board diversity policy.

The nomination committee is responsible for ensuring the diversity of the Board members and compliance with relevant codes governing board diversity under the Listing Rules. The nomination committee will review the board diversity policy and its diversity profile from time to time to ensure its continued effectiveness.

Appointment, re-election and removal of Directors

Each of the executive Director, non-executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for a specific term. The executive Director and non-executive Directors are appointed for a term of three years and the independent non-executive Directors are appointed for a term of one year. Such term is subject to his/her retirement by rotation and re-election at an annual general meeting of the Company in accordance with the Articles of Association. The Articles of Association provide that any Director appointed by the Board to fill a casual vacancy in the Board or as an additional member of the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election at such meeting.

In accordance with the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being, shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The members of the Company may, at any general meetings convened and held in accordance with the Articles of Association, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).

THE BOARD OF DIRECTORS (Continued)

Directors' training and professional development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. Subsequently, the Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills. During the year ended 31 December 2019, the Directors have participated in continuing professional development programmes. Pursuant to the requirements of the code provisions set out in the CG Code, all Directors have provided the Company with records of the training they received to ensure that their contributions to the Board remain informed and relevant. A summary of training received by Directors during the year ended 31 December 2019 according to the records provided by the Directors is as follows:

	Training on corporate governance, regulatory development and other relevant topics
Executive Director	
Mr. YUAN Jianhua	✓
Non-executive Directors	
Mr. Darryl E GREEN	✓
Mr. Sriram CHANDRASEKAR	✓
Mr. ZHANG Yinghao	✓
Mr. ZHAI Feng	✓
Independent non-executive Directors	
Mr. Thomas YEOH Eng Leong	✓
Ms. WONG Man Lai Stevie	✓
Mr. Victor HUANG	✓

Board meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Code provision A.1.1 of the Corporate Governance Code stipulates that Board meetings shall be held at least four times a year at approximately quarterly intervals. Additional meetings would be arranged, if and when required. The date of each meeting is decided in advance to enable the Directors to attend the meeting in person.

During the year ended 31 December 2019, the Directors have made active contribution to the affairs of the Group and two Board meetings were held to consider, among other things, various transactions contemplated by the Group, to review the Group's operations and developments and to review and approve the interim results of the Group. According to article 16.23 of the Articles of Association, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest.

The Company expects to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision A.1.1 of the Corporate Governance Code.

THE BOARD OF DIRECTORS (Continued)

Board meetings (Continued)

Attendance record of Directors

During the period from the Listing Date up to 31 December 2019, the Company held two Board meetings, one audit committee meeting and one remuneration committee meeting. No nomination committee meeting and Shareholders' meeting were held. The attendance record of Directors at the meetings of the Board and the Board committees held during the period from the Listing Date up to 31 December 2019 is set out below:

	Number of meetings attended/ Number of meetings		
	Board	Audit committee	Remuneration committee
Executive Director			
Mr. YUAN Jianhua	2/2	N/A	N/A
Non-executive Directors			
Mr. Darryl E GREEN	2/2	N/A	1/1
Mr. Sriram CHANDRASEKAR	2/2	1/1	N/A
Mr. ZHANG Yinghao	2/2	N/A	1/1
Mr. ZHAI Feng	2/2	1/1	N/A
Independent non-executive Directors			
Mr. Thomas YEOH Eng Leong	2/2	1/1	1/1
Ms. WONG Man Lai Stevie	2/2	1/1	1/1
Mr. Victor HUANG	2/2	1/1	1/1

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company since the Listing and, upon specific enquiries of all the Directors, each of them has confirmed that he complied with all applicable code provisions under the Model Code since the Listing and up to 31 December 2019.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses inside information in relation to those securities. No incident of non-compliance of the Model Code by the relevant officers and employees was noted by the Company.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company may declare and distribute dividends to the Shareholders, provided that the Group records a profit after tax and that the declaration and distribution of dividends does not affect the normal operations of the Group. In deciding whether to propose a dividend and in determining the dividend amount, the Board would take into account the Group's earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that the Board may consider relevant. Whilst the Board will review from time to time for determination on proposed dividend with the above factors taken into account, there can be no assurance that dividends will be declared or paid in any particular amount for any given period.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties set out in code provision D.3.1 of the Corporate Governance Code including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

The Board had performed the above duties during the year ended 31 December 2019.

BOARD COMMITTEES

The Board has established three committees with specific written terms of reference to oversee particular aspects of the Group's affairs.

Audit committee

The Company established the audit committee in compliance with Rules 3.21 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code set forth in Appendix 14 to the Listing Rules on 5 June 2019. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting system, risk management and internal control systems of the Group, to oversee the audit process, to develop and review the policies and to perform other duties and responsibilities as assigned by the Board.

The audit committee consists of two non-executive Directors, namely Mr. Sriram CHANDRASEKAR and Mr. ZHAI Feng and three independent non-executive Directors, namely Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG. Mr. Victor HUANG has been appointed as the chairman of the audit committee, and is an independent non-executive Director with the appropriate professional qualifications.

The Board has also delegated the corporate governance duties to the audit committee for performing the functions set out in the code provision D.3.1 of the Corporate Governance Code.

According to the requirement under the Code Provision C.3.3(e)(i) of the Corporate Governance Code, members of the audit committee should liaise with the board and senior management and the audit committee must meet, at least twice a year, with the issuer's external auditor.

During the period from the Listing Date to 31 December 2019, the audit committee held one meeting with the senior management and external auditor of the Company to consider the independence and audit scope of independent auditor, and to review and discuss the risk management and internal control systems, consolidated interim financial statements of the Group and the opinion and report of independent auditor before reporting and submitting to the Board for their approval. The attendance record of individual Directors of the audit committee meetings is set out on page 29 of this report. The audit committee will hold at least two meetings a year and will also meet the external auditor at least twice a year without the presence of the executive Director to fully comply with the requirement under the Code Provision C.3.3(e)(i) of the Corporate Governance Code going forward.

BOARD COMMITTEES (Continued)

Remuneration committee

The Company established the remuneration committee in compliance with Rule 3.25 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code set forth in Appendix 14 to the Listing Rules on 5 June 2019. The primary duties of the remuneration committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangement. The remuneration of all of the Directors and senior management is subject to regular monitoring by the remuneration committee to ensure that levels of their remuneration and compensation are appropriate.

The remuneration committee consists of two non-executive Directors, namely, Mr. Darryl E GREEN and Mr. ZHANG Yinghao, and three independent non-executive Directors, namely, Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG. Mr. Thomas YEOH Eng Leong has been appointed as the chairman of the remuneration committee.

During the period from the Listing Date up to 31 December 2019, the remuneration committee held one meeting to review the remuneration structure of the Directors and senior management of the Group and appraisal system of the key positions of the Group and discuss the appointment of remuneration consultant and the proposed grant of share options. The attendance record of individual Directors of the remuneration committee meetings is set out on page 29 of this report. Details of the remuneration payable to each Director for the year ended 31 December 2019 are set out in note 12 to the consolidated financial statements on page 129 of this report.

Remuneration payable to members of senior management

Pursuant to code provision B.1.5 of the Corporate Governance Code, the annual remuneration of members of the senior management by band for the year ended 31 December 2019 is set out below:

	Number of members of senior management
RMB3,000,001 to RMB4,000,000	1
RMB4,000,001 to RMB5,000,000	–
RMB4,500,001 to RMB5,000,000	–
RMB5,000,000 to RMB6,000,000	1
	2

Nomination committee

The Company established the nomination committee with written terms of reference in compliance with the Corporate Governance Code set forth in Appendix 14 to the Listing Rules on 5 June 2019. The primary duties of the nomination committee are to make recommendations to the Board on the appointment of members of the Board.

The nomination committee consists of two independent non-executive Directors, namely, Mr. Darryl E GREEN and Mr. ZHANG Yinghao, and three independent non-executive Directors, namely, Mr. Thomas YEOH Eng Leong, Ms. WONG Man Lai Stevie and Mr. Victor HUANG. Ms. WONG Man Lai Stevie has been appointed as the chairman of the nomination committee.

During the period from the Listing Date to 31 December 2019, the nomination committee has not convened any meeting. The nomination committee will hold at least one meeting a year.

THE BOARD OF DIRECTORS (Continued)

Nomination committee (Continued)

Nomination policy

The Company adopted a director nomination policy in accordance with the Corporate Governance Code. The director nomination policy sets out the selection criteria and process and the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The nomination committee utilises various methods for identifying candidates for directorship, including recommendations from Board members, management, and professional search firms. In addition, the nomination committee will consider candidates for directorship properly submitted by the Shareholders. The evaluation of candidates for directorship by the nomination committee may include, without limitation, review of resume and job history, personal interviews, verification of professional and personal references and performance of background checks. The Board will consider the recommendations of the nomination committee and is responsible for designating the candidates for directorship to be considered by the Shareholders for their election at the general meeting of the Company, or appointing the suitable candidate to act as Director to fill the Board vacancies or as an additional to the Board members, subject to compliance of the constitutional documents of the Company. All appointments of Director should be confirmed by letter of appointment and/or service contract setting out the key terms and conditions of the appointment of Directors.

The nomination committee should consider the following qualifications as a minimum to be required for a candidate in recommending to the Board to be a potential new Director, or the continued service of existing Director:

- the highest personal and professional ethics and integrity;
- proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
- skills that are complementary to those of the existing Board;
- the ability to assist and support management and make significant contributions to the Company's success;
- an understanding of the fiduciary responsibilities that is required for a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities;
- independence: the candidates for independent non-executive directorship should meet the "independence" criteria as required under the Listing Rules and the composition of the Board is in conformity with the provisions of the Listing Rules.

The nomination committee may also consider such other factors as it may deem are in the best interests of the Company and the Shareholders as a whole.

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Financial reporting system

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In preparation of the financial statements, IFRSs have been adopted and the appropriate accounting policies have been consistently used and applied. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the Shareholders, and make appropriate disclosure and announcements in a timely manner. Pursuant to code provision C.1.1 of the Corporate Governance Code, management would provide such explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The work scope and reporting responsibilities of Deloitte Touche Tohmatsu, the Company's external auditor, are set out in the "Independent Auditor's Report" on pages 78 to 170 of this report.

Risk management and internal control system

The Board acknowledges its overall responsibility for maintaining an adequate and effective risk management and internal control systems of the Group on an ongoing basis and reviewing their effectiveness at least annually. The internal control system covers all major aspects of the Group's operations, including, among others, operations, procurement, financial reporting, human resource, legal and compliance, information technology, budgeting and accounting processes.

With respect to the Group's risk management and internal control measures, the Group has a set of comprehensive policies and guidelines which set out details regarding the internal control standards, segregation of responsibilities, approval procedures and personnel accountability in each aspect. The Group also carries out regular internal assessments and training to ensure its employees are equipped with sufficient knowledge on such policies and guidelines. Such systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and aims to provide a reasonable, as opposed to an absolute assurance against material misstatement or loss. Under its framework, general management, finance, accounting and internal control departments are primarily responsible for the design, implementation and maintenance of the risk management and internal control systems, while the Board and the audit committee oversee the actions of management and monitor the effectiveness of these systems and to safeguard the Group's assets.

The Company does not have an internal audit function and the Board is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness and the Board would conduct the review annually.

The Group engaged an external consultant specialising in identifying and evaluation of significant risk of its business and operations. The external consultant does not have any connection with the Group and the Board believes that their involvement could enhance the objectivity and transparency of evaluation process. In conjunction with the Group's various department and senior management, the external consultant conducts an annual assessment on risk management and internal control systems of the Group together with suggestion and solutions and submit to the Board for their consideration.

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (Continued)

Risk management and internal control system (Continued)

During the year ended 31 December 2019, the Group has implemented procedures and internal controls for the handling and dissemination of inside information. In particular, the Group:

- has conducted its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012;

- has established its own disclosure obligation procedures, which set out the procedures and controls for the assessment of potential inside information and the handling and dissemination of inside information. The procedures have been communicated to the senior management and staff of the Company, and their implementation was monitored by the Company; and

- has made broad, non-exclusive disclosure of information to the public through channels such as financial reports, public announcements and its website.

The risk management and internal control systems are reviewed and assessed on an on-going basis by the audit committee and the executive Director, and will be further reviewed and assessed at least once each year by the Board. During the year ended 31 December 2019, these systems were reviewed and considered effective and adequate.

AUDITOR'S REMUNERATION

The Company appointed Deloitte Touche Tohmatsu as the external auditor for the year ended 31 December 2019. A statement by Deloitte Touche Tohmatsu about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on page 80 of this report.

For the year ended 31 December 2019, the remunerations payable to Deloitte Touche Tohmatsu in respect of its audit services and non-audit services are approximately RMB3.5 million and RMB1.4 million respectively. The amount for 2019 non-audit services consisted mainly of reviewing the group's interim result. The audit committee of the Company was satisfied that the non-audit services in 2019 did not affect the independence of the auditor.

JOINT COMPANY SECRETARIES

Ms. GAO Xingyue, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages an external service provider to provide secretarial service and has appointed Ms. WONG Yee Man as its joint company secretary to assist Ms. GAO in discharging the duties of a company secretary of the Company. Her primary contact person at the Company is Ms. GAO.

The biographies of Ms. GAO and Ms. WONG is set out in the "Biographies of Directors and Senior Management" section on page 24 of this report.

During the year ended 31 December 2019, Ms. GAO and Ms. WONG have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to article 12.3 of the Articles of Association, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two Months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting forward proposals at general meeting

There are no provisions under the Articles of Association regarding procedures for shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Enquiries to the Board

Procedures for sending enquiries to the Board indicate Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company at the Company's principal place of business in Hong Kong at Rooms 2303-04, 9 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investors relations and investors' understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the forthcoming annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

CONSTITUTIONAL DOCUMENTS

The Company adopted an amended and restated Memorandum and Articles of Association on the Listing Date and there had been no change to the Company's constitutional documents since the Listing Date. The Company's Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website.

Environmental, Social and Governance Report

SCOPE AND REPORTING PERIOD

This is the first Environmental, Social and Governance ("ESG") report of the Group, highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules set out by the Stock Exchange.

This report covers the Group's overall environmental and social performances of its HR services, including flexible staffing, headhunting, RPO, and other workforce solution operations in the PRC, Hong Kong and Macau, and Taiwan, from 1 January 2019 to 31 December 2019 (the "Reporting Period"), unless otherwise specified.

The Board acknowledges that it has overall responsibility for the Group's ESG strategy and reporting, and for evaluating and determining the Group's ESG-related risks. The Group has complied with all "comply or explain" provisions set out in the ESG Reporting Guide during the Reporting Period.

THE GROUP'S SUSTAINABILITY COMMITMENT

Commitments and missions on ESG

Over the course of more than 20 years, the Group has devoted in its HR services and the enactment of its corporate social responsibility has always been embraced as its core value. The Group advocates for a three-dimensional sustainable development of society, economy, and environment, where environmentally friendly lifestyles are encouraged, employee's development are emphasised, and community investment and charity works are performed. The Group's continuous effort in promoting of sustainable development and raising awareness of such has made it a leader of ESG performance in the industry.

Within the working sphere, the Group is committed to ensuring the following principles,

- Empowering employees and unleashing their fullest potential
- Providing equal opportunities for all potential candidates irrespective of their gender, marital status, race, ethnicity, age, and religion
- Making sure employees feel comfortable and safe, and are able to work in an accident-free working environment
- Equipping employees with know-how of the industry, to increase their competency and enhance professionalism
- Protecting personal data and making sure they are kept confidential

Outside of the business, the Group also strives to carry out its corporate social responsibility whenever and wherever possible. Some of the key areas that the Group has been working on include,

- Facilitating employment in the local community by providing consultation to the unemployed, giving opinions to governing departments on trends of policies and research, and partaking in different associations that gives vocational guidance
- Taking part in rebuilding schools and communities affected by the 2008 Sichuan Earthquake
- Promoting community developments in partnership with the Hong Kong Community Chest

THE GROUP'S SUSTAINABILITY COMMITMENT (Continued)

Challenges and future development

In face of the uncertainty caused by the China-United States Trade War, the Group expects that the growth in the demand of its headhunting and RPO services will slow down. To combat the challenges, the Group plans to strengthen its information technology and digitalise its workforce solution platforms, such that it can better identify suitable opportunities and further expand the scale of the talents database. On top of that, the Group will develop training platforms for both its long term and contract staff, such that they are equipped with more industrial knowledge to become increasingly competent. This will ensure that the Group keeps on providing job opportunities for the labour force.

In the long term, the Group aims to continue exploring ways to care for its employees and the broader society. Particularly, the Group hopes the rising demand for flexible staffing would help with local employment, and contribute to a better future for all in the Greater China region.

Memberships

As mentioned above, the Group is a member of various associations as it intends to promote employment. Some of the associations that the Group has established close ties with and shared expertise to are as follows:

- China Human Resources Association
- Shanghai Human Resources Consulting Association
- Shanghai Association of Foreign Investment
- Suzhou Human Resources Service Industry Association
- Zhejiang Human Resources Consulting Association

Awards and recognition

In addition, the Group is recognised with different awards and titles for its persisting effort in promoting employment and undertaking its corporate social responsibility. Some of them are as follows:

- 2019 Asia-Pacific Human Resources Development and Servicing Expo – Outstanding Achievement Award (Asia-Pacific Human Resources Development and Servicing Expo Committee)
- 2019 Asia-Pacific Human Resources Development and Servicing Expo – Most Influential Award (Asia-Pacific Human Resources Development and Servicing Expo Committee)
- Merit Award for Assistance in ACCA Career Day (Association of Chartered Certified Accountants)
- Recognised Employer of the ACCA since 2018
- 2019 Best Chinese Business in Corporate Responsibility Contribution (China Business Network)
- Recruitment Agency of the Year (CT Goodjobs)

THE GROUP'S SUSTAINABILITY COMMITMENT (Continued)

Awards and recognition (Continued)

- Top 10 Individual Ability Development and Training Organisation in China (HR Excellence Centre)
- Top 12 Flexible Staffing Servicing Organisation in China (HR Excellence Centre)
- 2018-2019 Best Integrated Human Resources Services Organisation in the Greater China Region (HRoot)
- Digital HRTech Awards 2019 (HRTech China)
- HRTechChina TOP100 Influencers of 2019 (HRTech China)

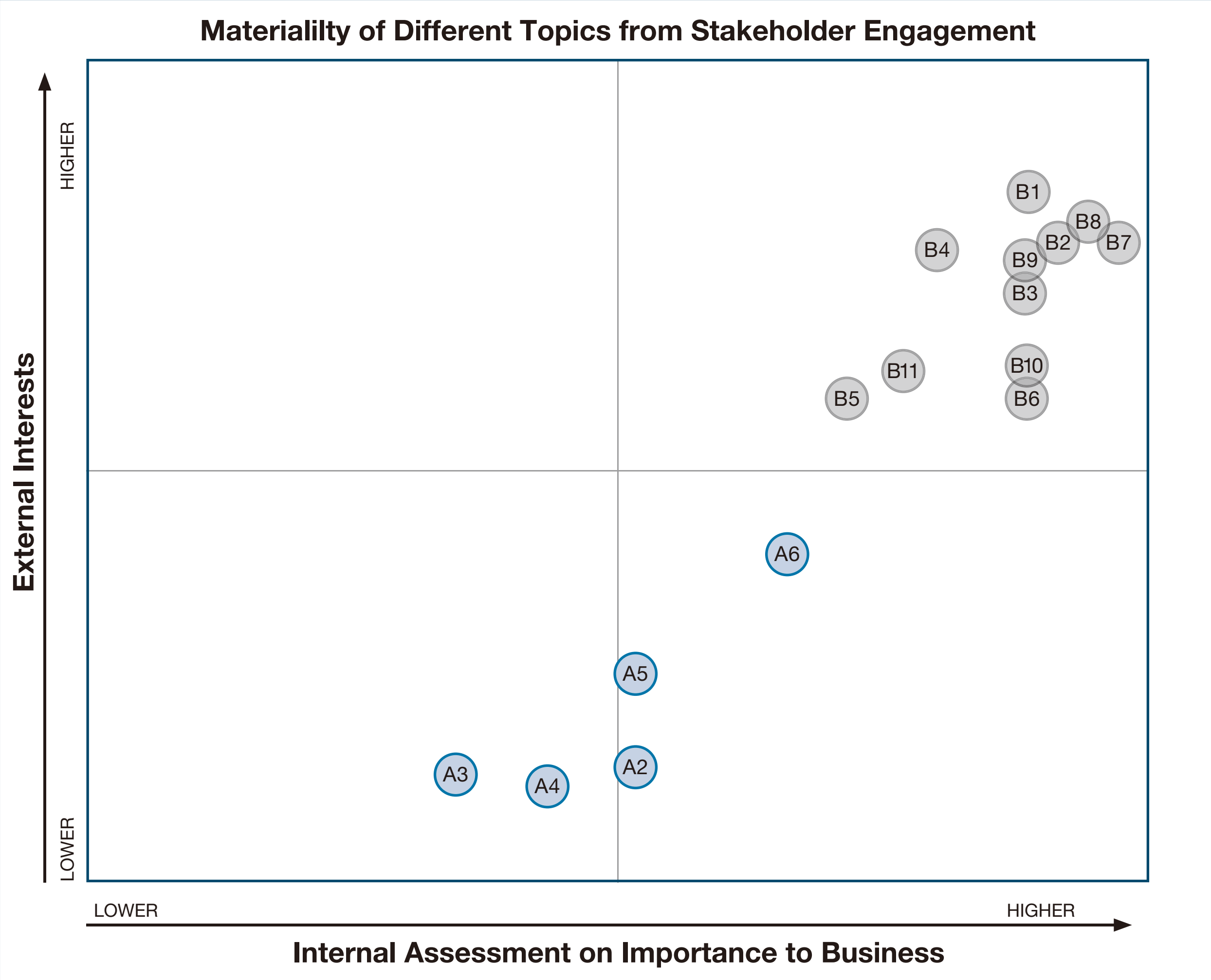
STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group values input from its stakeholders as they are important parts of the Group. Both internal and external stakeholders regularly communicated through different channels. For example, members of the Board, management, partners and employees might be consulted during periodic meetings and conferences and annual employees survey; whereas regulators, clients, Shareholders, service providers, and media are contacted via social media, press release, seminars, hotlines, etc., such that their views and opinions regarding the development of the Group are better understood.

With regards to matters relating to ESG performances specifically, the Group has also invited stakeholders and representatives of the business to complete a survey in order to understand their concerns and expectations for the Group's future development. The results of the survey would allow the Group understand if there is any gap between stakeholders' expectations and the business's efforts in identifying and addressing key issues. While stakeholders include Shareholders, staff, potential talents, associates, clients and suppliers, parties that represent the business include the Board and senior management. The following matrix shows the results from the stakeholder engagement.

STAKEHOLDER ENGAGEMENT AND MATERIALITY (Continued)

Figure 1 Results of Materiality Assessment



Environmental		Social	
Energy	A1	Employment	B1
Water	A2	Occupational Health and Safety	B2
Air Emission	A3	Staff Development and Training	B3
Waste and Effluent	A4	Labour Standards	B4
Other Raw Materials Consumption	A5	Supply Chain Management	B5
Environmental Protection Measures	A6	Intellectual Property	B6
		Data Protection	B7
		Customer Service	B8
		Product Quality	B9
		Anti-corruption	B10
		Community Investment	B11

STAKEHOLDER ENGAGEMENT AND MATERIALITY (Continued)

Responses of the survey show that all topics of the social aspects are regarded as more important than those of the environmental aspects, presumably due to the Group's non-polluting business nature. Out of all social aspects, data protection, customer service, and occupational health and safety of the Group's employees are regarded as the most material topics from the business' point of view. As for other stakeholders, employment policies top the list with the rest of the mentioned aspects closely followed. Altogether, they make five of the most material topics together with product quality in the following order:

1. Data protection
2. Customer service
3. Employment policies
4. Occupational health and safety
5. Product quality

It is important to note that employment policies, product quality, staff development and training, intellectual property rights, and anti-corruption practices have been determined to be of equal importance by the business. However, since the latter three topics are less concerned by other stakeholders, they are not included in the list of most material topics. The topics that are regarded as important by each type of stakeholder in detail is as follows:

Key Stakeholders	Most Concerned ESG Topics
Directors	Occupational Health and Safety, Data Protection, Intellectual Property Rights
Senior management	Data Protection, Intellectual Property Rights, Product/Customer Service
Shareholders	Occupational Health and Safety, Labour Standards
Internal staff	Employment Policies, Data Protection, Product/Service Quality
Associates	Employment Policies, Occupational Health and Safety, Customer Service
Potential talents	Employment Policies, Customer Service, Staff Development and Training
Clients	Employment Policies, Data Protection
Suppliers	Data Protection, Customer Service, Anti-corruption

The results of the materiality assessment aligns the expectation of the Group, which the topics that are regarded as more important coincides with the areas that the Group has been keen on working on. The Group will continue to put effort into managing these key material aspects by establishing more policies and guidelines to achieve the goal of further enhancing the Group's ESG performance.

Stakeholders' feedback

The Group welcomes stakeholders' feedback on its approach and performance relating to ESG. Please call +86 400 820 0711 to express your concerns.

A. ENVIRONMENTAL

Due to the Group's business nature, environmental impact induced by the operations is limited. This is also reflected by the stakeholder engagement, where topics of the environmental aspect are significantly less material than those of social aspects. Still, the Group abides by all environmental laws and regulations when applicable and takes steps to minimise its environmental footprint. The Group actively encourages its staff to take part in building a green working environment and be responsible for their impacts on the environment, by following the main principles of reducing, reusing, recycling. In order to make constant improvements, waste and emissions management measures within the Group is constantly reviewed.

A1. Emissions

During the Reporting Period, the Group did not generate any significant amount of air emission, such as NOx, SOx, PM, as its operations are all based in offices. Its main emissions are CO_2 emissions contributed indirectly by power usage. As this is the first year that the Group starts working on the ESG report, there is no sufficient information from the database that will show the amount of hazardous and non-hazardous waste generated. The Group will therefore start presenting such information starting from the next reporting year. The Group does have a number of policies which aim to keep emissions and waste production low.

1.1 Air Emissions

During the Reporting Period, the Group did not contribute any significant air emission due to its business nature.

1.2 Greenhouse Gas Emissions and Reduction Methods

During the Reporting Period, the Group did not own any vehicles and did not use machinery that would combust fuels. Air conditioning was managed by management companies of respective office buildings where all its offices were located at. Hence, the Group did not contribute to any direct emission as it did not combust or purchase energy from external entities. The Group's greenhouse gas emission (GHG) was therefore mainly contributed by its indirect emission from purchased electricity. Other indirect emissions sources were paper waste disposal and business air travels. The total amount of GHG emission for the Group during the Reporting Period was 1,177 tCO_2e, and the intensity was 0.94 tCO_2e/employee, and 0.03 tCO_2e/m^2. See Table 1 for detailed calculations of the Group's GHG emission.

Table 1 Direct and indirect GHG emission by the Group

Scope of GHG emissions	Emission sources	GHG Emission (in tCO_2e)	Sub-total (in tCO_2e)	Total GHG Emission (in %)
Scope 1 Direct emission [1]	Not Applicable	–	–	–
Scope 2 Energy indirect emission [2]	Purchased Electricity [3]	938.30	938.30	79.68
Scope 3 Other indirect emission	Paper waste disposal [2]	149.89	239.22	20.32
	Business air travel [4]	89.33		
Total		1,177.52		100.00

A. ENVIRONMENTAL (Continued)

A1. Emissions (Continued)

1.2 Greenhouse Gas Emissions and Reduction Methods (Continued)

Note 1: The Group did not involve in scope 1 direct emission since it did not combust nor purchase any energy from external entities.

Note 2: Emission factors were made reference to Appendix 27 of the Listing Rules and their reference documentation as set out by Hong Kong Exchanges and Clearing Limited.

Note 3: Combined margin emission factor was made with reference to the 2018 Emission Factor of Regional Electricity Grid in China outlined by the Ministry of Ecology and Environment of the PRC in 2018 for operations in China. For operations in Hong Kong and Macau, emission factors referred to HKE, CLP, and CEM's 2018 Sustainability Report in accordance with the offices' location respectively. For operations in Taiwan, emission factor took reference from the Year 107 Electricity Emission Factor, published by the Bureau of Energy, Ministry of Economic Affairs in Taiwan.

Note 4: CO_2 emissions from the Group's business air travels were reported in accordance with the International Civil Aviation Organization (ICAO) Carbon Emission Calculator.

In order to help reduce emission that might be induced by travelling to work, employees are always encouraged to take public transportation. Having considered this factor, all offices are located in areas with convenient and multiple transportation networks for employees to reduce the use of private vehicles.

For more information on how the Group reduces emission, see Section A2 for the measures the Group has in place for the reduction of its electricity use, where most of its emission is derived from.

1.3 Hazardous Waste

Data of such waste will be collected and reported starting from the next Reporting Period when a well-established data input system is set up.

The Group understands that some its sources of hazardous waste may include printer ink cartridges. Thus, the Group has been working on reducing its ink cartridges usage by introducing paperless administrative systems. Understanding that fluorescent light tubes are as well a source of hazardous waste, the Group puts effort into reducing such usage as well. Some of the measures include making full use of natural lighting when possible and switching off lights when not necessary. The Group will continue to explore ways of reducing hazardous waste usage.

When printer components and ink cartridges are used up, they are collected and recycled by respective recyclers. Waste such as batteries and bulbs are managed by office buildings.

1.4 Non-hazardous Waste

During the Reporting Period, the Group purchased 31 tonnes of paper. As the Group did not weigh the amount of paper recycled, this amount has been presumed as the amount of paper disposed of in the landfill. The Group does not have other information on its non-hazardous waste generated during the Reporting Period as this is its first year working on the report. Collection and record of such data will, start from the next Reporting Period when a well-established data input system is set up.

A. ENVIRONMENTAL (Continued)

A1. Emissions (Continued)

1.4 Non-hazardous Waste (Continued)

To reduce waste generated in offices, employees are encouraged to bring their own cups to reduce disposable items. For malfunctioning or broken office equipment and furniture, components that are still performing would be kept for fixture and replacement in the future for the same or compatible item. Used paper boxes are reused for packaging other bulk items. To reduce paper usage, employees are encouraged to use wastepaper for printing some internal documents. In addition, the Group keeps track of the printing habits of each employee and remind the employees who have been printing excessively to set double-side printing and combining pages as the default printing mode, and promotes paperless administrative systems by handling such procedures electronically. When possible, offices use water dispensers that filter water directly from tap to minimise plastic use. Card holders of employees' staff card are also reused and collected when employees no longer work for the Group. In terms of other office items, such as stationery, they are procured according to headcounts and shared amongst staff to avoid waste.

To reduce paper waste generated and disposed of in the landfill, recycling bins are put next to the printers at all offices. Recycled paper is handled by management companies of the respective office buildings. Other than household wastes, all other waste, such as non-reusable cardboard boxes, furniture, and office trash are recycled by recyclers that management companies of the office building have appointed.

A2. Use of resources and efficiency initiatives

The major kind of resources used during the Reporting Period was electricity, followed by water. Since it is the Group's first year working on the report, detailed electricity consumption has not been recorded for the Reporting Period. Data shown below will therefore be an estimation according to electricity bill payments. As for water consumption, water is supplied by their respective office buildings and water charge is included in the management fee. The Group therefore does not have any details of its water usage in this Reporting Period. To ensure that such resources are used to their fullest capacity, the Group has a few policies outlined with the purpose of maximising the efficiency of such resources.

2.1 Energy Consumption

The only kind of energy consumption was electricity usage for the Group's office operations. The electricity consumption for the Reporting Period was calculated based on electricity bill payments. The energy usage of all offices combined was 1,567,467 kWh during the Reporting Period. Its intensity was equivalent to 1,252 kWh/employee, or 46 kWh/m^2.

The Group closely monitors its energy usage to control energy consumption. Electronic equipments are automatically turned off at 9pm every day, to save energy when employees forget to switch off their electronic devices. Additionally, signages such as "Turn off electronic equipment, lights, and air conditioning when you leave the workplace" are in various locations of the office. With regards to lighting of the Group's offices, natural lighting usage is maximised where possible, with the assistant of highly efficient energy-saving LED bulbs. Air conditioners are also set to operate with the average temperature of 26 degree Celsius.

A. ENVIRONMENTAL (Continued)

A2. Use of resources and efficiency initiatives (Continued)

2.2 Water Consumption

All offices of the Group are located in office buildings, which provide and manage water supply for the offices. As the bill of water use is inclusive within the management fee, the Group has not been able to obtain its own water usage for the Reporting Period.

Water use of water closets of offices across the Group are all managed by management companies of the office buildings. Therefore, the Group doesn't have specific policies for minimising water use. Nevertheless, most management companies do control water flow and water usage by installing flow controller in washrooms of respective office buildings.

2.3 Packaging Materials

The Group's operation does not involve any packaging materials as it only provides HR services.

A3. The environment and natural resources

3.1 Significant Impacts of Activities on the Environment

Due to the Group's business nature, no activities contribute to significant impacts on the environment. The only areas that bring impacts on the environment are the Group's GHG emission and office waste produced from daily operations. As mentioned above, the Group therefore takes responsibility to recycle and reuse items of different varieties and cooperate with reliable recyclers to make sure that the wastes are well managed and handled to limit the impact on the environment. It also encourages staff to take an active responsibility towards the environment, by reducing the principals of "reduce", "reuse", "recycle" and "recovery".

B. SOCIAL

As the Group's operations involve a large amount of labour related business, its performance in the social aspect is highly important to its stakeholders. Apart from having to be concerned with its employees' working satisfaction, much confidential information is also handled along with its human resource services. Hence, most social topics have been rated as highly material, and all social topics have been deemed vital according to the ratings from the stakeholder engagement survey. The Group therefore takes extra precaution and is especially careful in complying with laws and outlining relevant policies regarding its social performance. Not only is the Group keen on constantly promoting its employees' rights and opportunities, paying close attention to data protection, and maintaining its quality of human resource services, but it also puts much effort into giving back to society by assisting the unemployed and doing charitable acts. The Group strives to be a leader in the industry for social performance.

Employment and labour practices

As the Group acts as a human resource services solution provider, it has its own employees (hereafter "formal employees"), as well as employees who are outsourced (hereafter "associates"). While formal employees refer to those who support Group's operations, including senior management, partners, consultants, finance and IT, etc.; associates are assigned to work in clients' premises under flexible staffing arrangements who works according to client instructions and under the supervision of the clients during the term of deployment. In the following section, description is applicable for both types of employees, unless otherwise stated. However, figures of associates will not be presented for the Reporting Period as the Group is undergoing unification of their computing input methods across different operating regions.

B. SOCIAL (Continued)

B1. Employment

Employment policies has been ranked as the third most material topic by stakeholders and the Group. For this reason, the Group strictly complies with respective employment laws and regulations of the respective regions in which they operate as shown in the following table.

Table 2 Employment laws and regulations complied in different regions

Mainland China	Hong Kong	Taiwan
• Labour Law • Labour Contract Law • Regulations of Paid Annual Leave of Employees • Law on the Protection of Rights and Interests of Women • Special Rules on the Labour Protection of Female Employees	• Employment Ordinance (Cap. 57) • Inland Revenue Ordinance (Cap. 112) • Sex Discrimination Ordinance (Cap. 480) • Mandatory Provident Fund Schemes Ordinance (Cap. 485) • Personal Data (Privacy) Ordinance (Cap. 486) • Disability Discrimination Ordinance (Cap. 487) • Family Status Discrimination Ordinance (Cap. 527) • Race Discrimination Ordinance (Cap. 602) • Minimum Wage Ordinance (Cap. 608)	• Labour Standards Act • Employment Service Act

B. SOCIAL (Continued)

B1. Employment (Continued)

1.1 Employment Figures

As of 31 December 2019, the Group had a total of 1,252 formal employees, among which 1,248 were full-time and four were part-time; about one-fourth worked at management levels; almost half of them were aged between 26 and 35; almost three quarters were female; and almost three-fourth of them were Mainland Chinese. See the Figures 2 – 6 for details of the total workforce by employee type, employee category, age, gender and geographic location. Note that associates are not inclusive in the calculation of the workforce.

Figure 2 Workforce by Employee Type

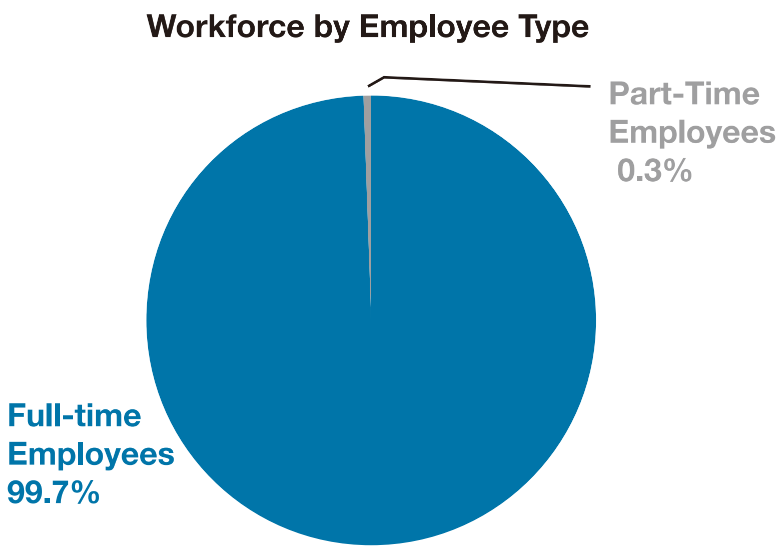
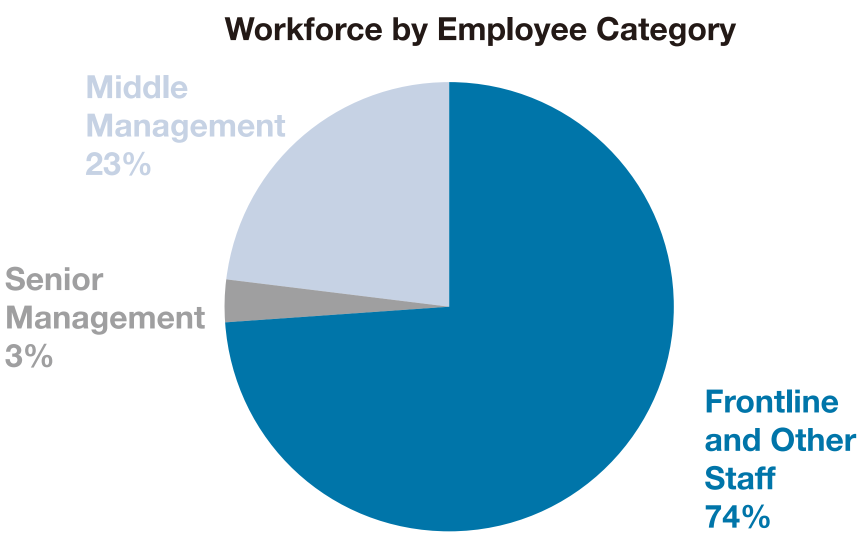


Figure 3 Workforce by Employee Category



B. SOCIAL (Continued)

B1. Employment (Continued)

1.1 Employment Figures (Continued)

Figure 4 Workforce by Age

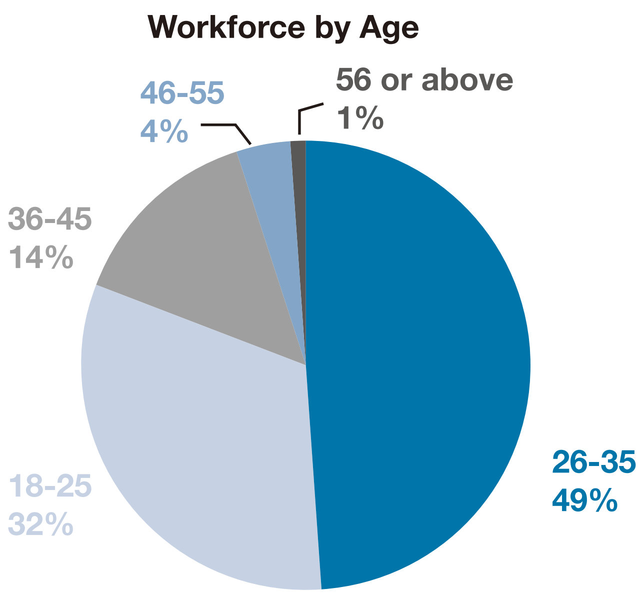
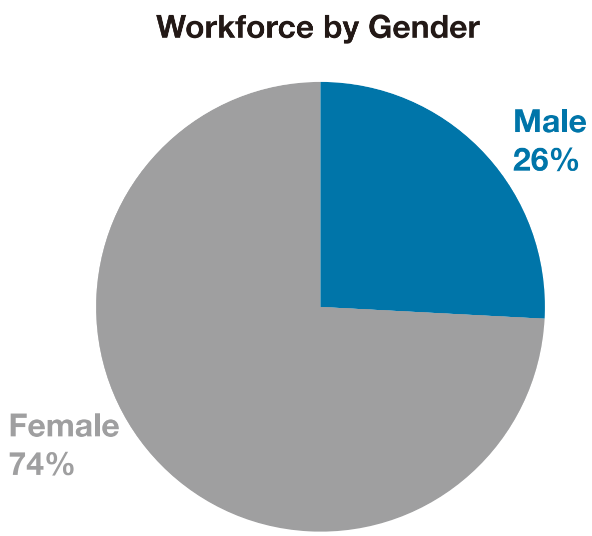


Figure 5 Workforce by Gender

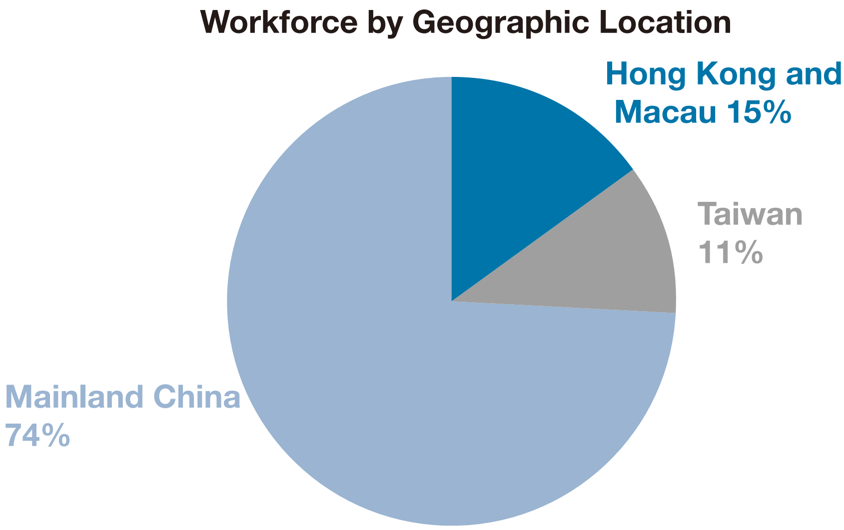


B. SOCIAL (Continued)

B1. Employment (Continued)

1.1 Employment Figures (Continued)

Figure 6 Workforce by Geographic Location



1.2 Employee Compensation and Benefits

The Group regards compensation and benefits packages as an important element. Not only does it attract and retain talents, but also incentivises employees to unleash their full potential. As the Group runs a partnership scheme, in which partners each has his/her own team of consultants, and each partner is responsible for his/her annual performance and achieving the targets set. When employees are motivated to do better with their hard work and effort acknowledged, the growth of the Group can be sustained, and employees are satisfied. Hence, employees' remuneration is set with reference to the market rates. All staff enjoy basic rights and benefits, and terms are clearly stated in their contracts.

For the Group's formal staff, remuneration packages, which include salary and bonus, are offered. They also receive various welfare and benefits, such as medical care, retirement benefits, occupational injury insurance, and other miscellaneous items. Public holidays, marital, maternity, compassionate, annual leaves are also granted by the Group in compliance with the labour laws and regulations. Seasonal appraisals take place such that their work performances are constantly reviewed. Employees who meet certain criteria will have their salary raised. Small gifts are given out in the year end and before Chinese New Year to express gratitude to employees for their hard work and increase their sense of belonging. In addition, the Group has a diversity of reward programmes offered to its employees or teams with excellent performance. The form of reward provided is usually on a case by case basis, which could be monetary rewards programmes to increase their competitiveness or motivation. The Million Club, for example, is set up for individuals or teams who reach sales targets of RMB1 million within a year.

As for associates, who are employed on a contractual basis, their compensation and benefits are usually decided by clients of the Group. In rare cases when clients do not have any policies for the associates, a selection of benefits packages offered by the Group can be chosen and arranged for the associates.

B. SOCIAL (Continued)

B1. Employment (Continued)

1.3 Employee Communication

The Group values feedback and opinions from its staff, especially from formal employees. Therefore, a number of approaches are in place to ensure employees' comments can be reflected to management levels. For example, the Group has a labour union that acts as a bridge for communications between the Group and its employees. It aims to protect employees' rights, help the Group achieve its business and financial targets, and encourage employees to participate in management decisions; complaints on unfair treatment or penalties can be handled through the HR manager for appeal; the Group also conducts surveys on employees' satisfaction towards their own departments, supportive departments, as well as the whole Group.

As the Group believes that communication between employees is key to improve work performance and efficiency, the Group has a variety of "Power Clubs", which are different sports, talents and interest clubs that employees can join. Including Badminton Club, Vocal Music Club, Cantonese Club, etc. This allows employees to establish bonds and build networks outside of workplace. In addition, the Group regularly holds events and competitions for these clubs for better employee engagement. Notices on activities or competitions held by external organising parties opened to public are also put up for employees' reference. Competitions that the Group's employees have joined include singing competitions, dragon boating competition, Manpower "Best of China" photography competition, etc.

1.4 Equal Pay and Opportunity

The Group takes a strong stance on providing equal opportunities, Candidates of job vacancies are considered based on their qualification, experience and ability irrespective of their gender, age, ethnicity, religion, sexual orientation, marital status, etc. Employees are recruited on a merit basis. There is no discrimination in recruitment and remuneration. In fact, the Group has been working on increasing the ratio of male employees within a female-dominated industry. As indicated in Figure 5, the number of females is more than of males in the Group. This situation is considered to be a result of personal inclination and disinclination caused by gender. The Group will put efforts into recruiting more males into the Group. The Group also works to provide opportunities for people with disabilities, such as those who are partially sighted or hearing impaired as an act of social responsibility. Currently, there are 19 physically challenged employees working for in the Group. The Group is also opposed to nepotism by avoiding the recruitment of direct relatives of existing employees.

B. SOCIAL (Continued)

B2 Employee health and safety

Ranked as the fourth most material topic, improving the occupational health and safety of employees is also a key focus of the Group. The Group complies with occupational health related laws and regulations to avoid any health risks from being imposed onto its employees. These laws are listed in the following table.

Table 3 Employment health and safety laws and regulations complied in different regions

Mainland China	Hong Kong	Taiwan
• Labour Law • Law of the People's Republic of China on The Prevention and Control of Occupational Diseases	• Employees' Compensation Ordinance (Cap. 282) • Occupational Safety and Health Ordinance (Cap. 509)	• Occupational Safety and Health Act • Labour Safety Protection Act

2.1 Employees' Personal Health [1]

During the Reporting Period, there was no work-related injuries or fatalities. Hence, there was no lost day due to work injury. Although the industry that the Group belongs to is rather low risk in terms of potential health threats and danger, the Group still regards the protection of employees' personal health as a top priority.

The Group has taken steps to better protect health interests of its formal employees. Health checks are arranged for all new staff; annual health checks are granted for employees meeting certain criteria; 12 days of paid sick leaves are granted to employees each year; business insurance plans with a broad coverage, including, outpatient services, hospital overnight stays, accidents, critical illnesses, are offered to employees.

2.2 Working Environment Safety

To make offices a comfortable place to work in, ventilation systems and air purifiers are installed to maintain offices' air quality, plants are placed along aisles and at corners, indoor temperature and humidity is adjusted regularly.

In precaution of any fire hazards, there are 4 kilograms dry chemical fire extinguishers placed every 25 meters apart within the offices of the Group; server rooms are installed with HFC-227ea/FM200 firefighting system; escape routes are equipped with control systems to cut the power of unnecessary office equipment for firefighting equipment when necessary. Appointed personnel regularly patrol to make sure that fire equipment is secured in place. Fire equipment is also sent to specified organisations regularly for inspection. On top of that, offices cooperate with their respective office buildings periodically to carry out fire drills and fire prevention trainings. This familiarises employees with procedures in case of a fire, allows them to understand the usage of different fire equipment, and ensures that they can locate escape routes when necessary.

[1] Policies outlined in the section is only applicable for the Mainland China region, Hong Kong and Taiwan both have their policies and are slightly different.

B. SOCIAL (Continued)

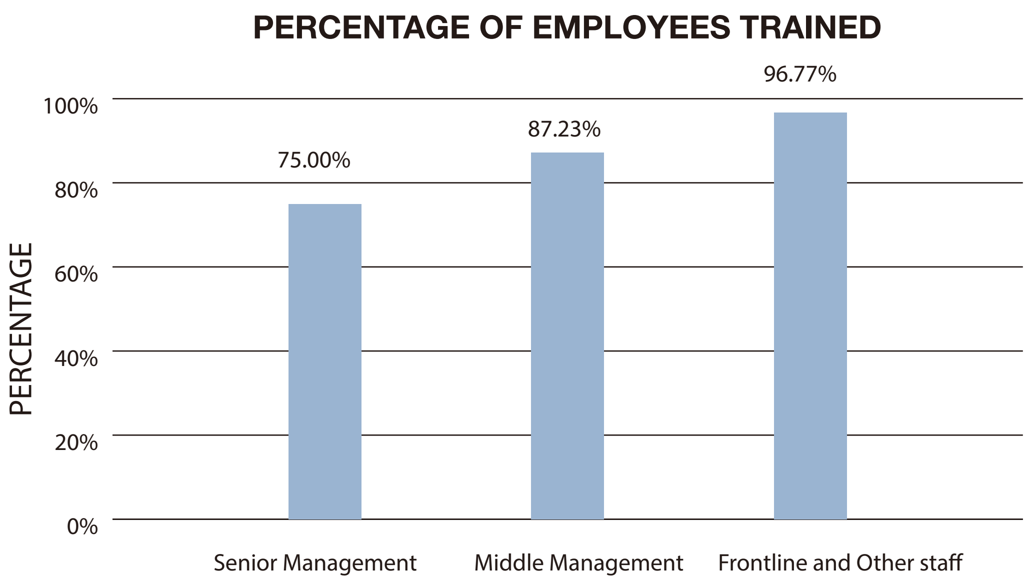
B3. Development and training

Development and training for employees is material for the Groups' stakeholders, especially to the business because of the Group's nature as a human resource company. Employees are the most important assets of the Group. In terms of employee development and training, the Group adheres to its corporate mission of unleashing the power of the human potential for progress. The Group actively encourages employees to improve their skills and knowledge by joining trainings and taking industry-related classes. Regular trainings are provided to employees to increase their competitiveness, achieve better bonding between employees, and enhance talents retainment.

3.1 Employees Training

During the Reporting Period, the Group provided training for 94% of its employees, with average training hours per employee (inclusive of those who did not receive training) at 33 hours. See Figure 7 – 8 for the detailed distributions in terms of employees' position.

Figure 7 Percentage of Employees Trained in terms of Position

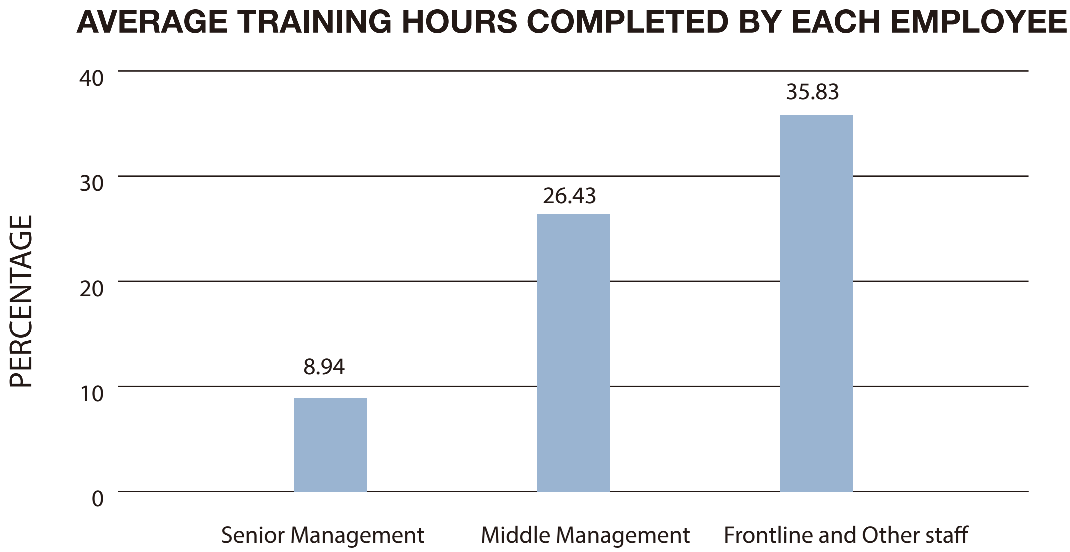


B. SOCIAL (Continued)

B3. Development and training (Continued)

3.1 Employees Training (Continued)

Figure 8 Average Training Hours Received by Each Employee by Position



3.2 Training for Formal Employees

Training programs are provided for employees based on regular internal appraisals and review of individual and departmental performances. Other trainings programs may also be arranged when necessary. For example, trainings on laws of anti-corruption or policies of data protection were held periodically to refresh employees' knowledge on the latest changes in policies and important regulations. In general, all new employees are trained by their supervisors and the Group when they join the Group. Their supervisors then continuously observe their performance and track their progress to decide whether additional trainings are required. The rest of the formal employees get regular trainings as well, conducted both internally and externally. Internal trainings mainly focus on topics that are close to their daily work with the aim of enhancing their professionalism, knowledge, and skills while external trainings focus on the market trend which helps employees reach their work targets better. The following table shows a more detailed description of different trainings that were arranged during the Reporting Period.

B. SOCIAL (Continued)

B3. Development and training (Continued)

3.2 Training for Formal Employees (Continued)

Table 4 Scheduled training held for formal employees in 2019

Item	Category	Topic	Description	Target Group	Mode
1		Orientation	Help new employees understand the Group's culture and products	New employee	Internal
2		Career Path Training	Help employees understand their roles and responsibilities of their job positions	New/ interested employee	Internal
3	New Staff Training	Bonding Camp	Help the batch of 2019 hires blend into their respective teams as soon as possible and improve their skills	Employee recruited in 2019	Internal & External
4		Legal Compliance	Explain the terms of labour and business contracts in detail, point out important reminders and usual procedure regarding legal compliance	New employee	Internal
5		IT Systems	Familiarise employees with the office and business system	New employee	Internal
6		Studying and Applying knowledge	Improve employees' industry knowledge and cultural exchange	All employees	Internal
7	Generic Skills Enhancement Training	Mind-mapping	Advice on ways to organise thoughts and improve thinking efficiency	Potential talents of each team	External
8		The 7 Habits of Highly Efficient People	Improve work maturity and performance	Potential talents of each team	External
9	Development Training	Team Building	Improve bonds within and between departments and boost cohesion	All employees	External
10	Mid-level Training	Management Leadership Skills	Improve mid-level management's communication and integrated leadership skills	Management	External

B. SOCIAL (Continued)

B3. Development and training (Continued)

3.2 Training for Formal Employees (Continued)

During the Reporting Period, the Group has developed a training platform to meet the learning needs of employees. To equip employees with skillsets and familiarise them with the industry, the Group encourages all employees to take external classes and examinations on human resourcing business. These classes include HR intermediary, labour-dispatching, and qualifications and licenses relating to these topics. Tuition and examination fee for these classes are reimbursed upon the completion of the classes and the pass of the exams. When employees attain relevant qualifications, they also receive some rewards from the Group.

3.3 Training for Associates

As for associates, all new employees are provided with pre-entry and pre-duty training. When associates are allocated on different projects, position responsibility and clients' expectation and requirements are communicated. When clients' needs are recognised, trainings are designed for respective employees. During the contract of the associates, the Group also frequently contacts the clients to ensure that the qualification of associates meets their expectations. Associates' performance is regularly reviewed through communications with clients in case further training is required. Trainings for basic skills and etiquettes are conducted by the Group according to clients' preference; while those that involve more professional guidance and industry-related knowledge are conducted by clients.

B4. Labour standards

Labour standards is also an important aspect for the Group given its business nature. The Group strictly abides by all labour standard laws and regulations to protect children and prevent child labouring. Laws of each region are listed as follows.

Table 5 Labour standard laws and regulations complied in different regions

Mainland China	Hong Kong	Taiwan
• PRC Law on Protection of Minors	• The Employment of Children Regulations under the Employment Ordinance (Cap. 57)	• Labour Standards Act

The Group always asks for the identification documents to verify candidates' age when they apply for the Group's positions. Child labour or forced labour are never recruited and all employees are recruited through legal channels and are legitimate for work. There was no non-compliance during the Reporting Period.

B. SOCIAL (Continued)

Operating practices

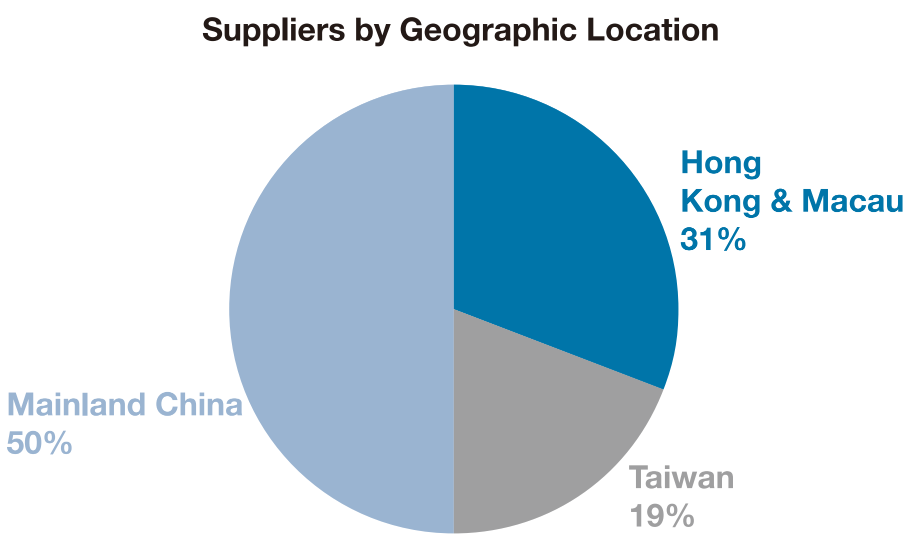
B5. Supply chain management

Aside from putting a heavy focus on its own ESG performance, the Group is also attentive to and stresses on the ESG performance of its suppliers and business partners. By doing this, the Group hopes to spread its influence and raise awareness among its suppliers and partners in other industries, and to remain as a leader and role model in the industry for promotion of corporate responsibility.

5.1 Number and Types of Suppliers

The Group has a total of 1,120 suppliers which provide the Group with various services ranging professional services, which makes up a large part of the Group's suppliers, to human resource related services, office supplies and relevant services, etc. See Figure 9-10 for the detailed composition and types of suppliers.

Figure 9 Suppliers by Geographic Location



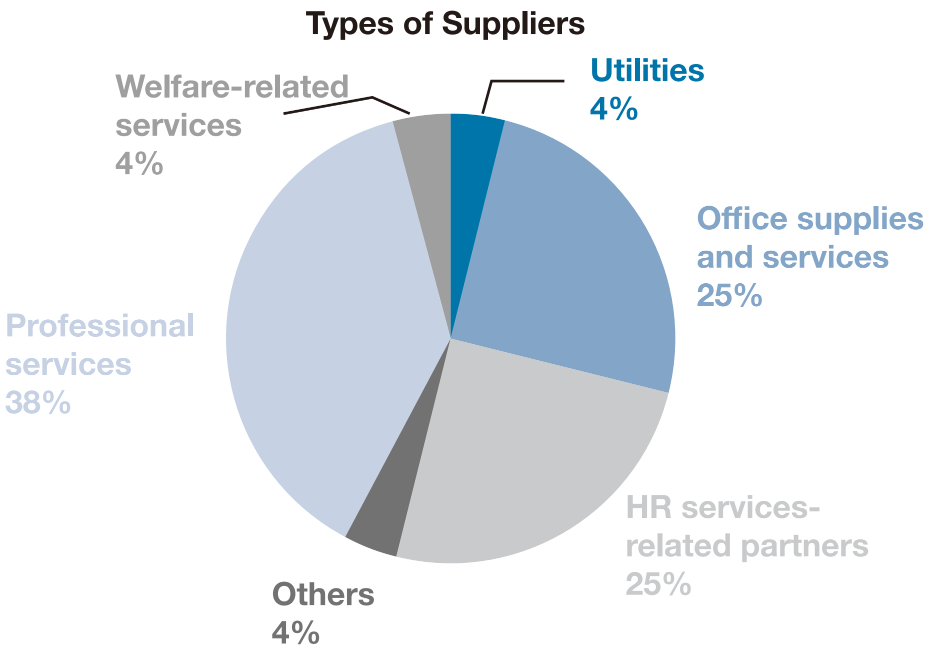
B. SOCIAL (Continued)

Operating practices (Continued)

B5. Supply chain management (Continued)

5.1 Number and Types of Suppliers (Continued)

Figure 10 Types of Suppliers



Note: "Others" include suppliers that provide carrier services, booking services, administrative affairs services, etc.

To assess and effectively manage the ESG commitments of its suppliers, the Group conducts different practices in procurement. When a new supplier is selected, its license, performance capacity, and compliance capacity are assessed and evaluated. For example, the Group might ask for a Service Dispatching License from Social Insurance Agents, or search on a supplier's website and the National Enterprise Credit Information Publicity System to check if it has violated any laws has been penalised, or been involved in any lawsuit, etc.

Once a potential supplier passes through the initial assessment, it must make ESG commitments based on two agreements outlined by the Group before signing the contract. The two agreements are Business Conducts and Moral Standards of ManpowerGroup's Business Partner and ManpowerGroup's Requirement on Business Partners' Enterprise Social Responsibility. The agreements involve terms regarding business integrity and requirements in relation to the fair treatment of employees, customers, clients and the environment. The Group will not purchase services/products from businesses which fail to sign the agreement.

The Group reviews its suppliers once a year. Suppliers which have failed their performance and compliance capacity or have not operated in accordance with the agreements made will be delisted.

B. SOCIAL (Continued)

Operating practices (Continued)

B6. Product responsibility

The product of the Group is integrated HR services, including flexible staffing, headhunting, RPO, and other HR services. The Group understands that it holds great responsibility for the performance and quality of its talents headhunted or associates outsourced, the follow-up of its services, the handling method of private data of clients and talents, and the treatment of patented or copyrighted items. The following laws and guidelines are therefore strictly followed by the Group.

Table 6 Product responsibility-related laws and regulations complied in different regions

Mainland China	Hong Kong	Taiwan
• Criminal Law • Advertising Law • Cyber Security Law • Provisions on Protecting the Personal Information of Telecommunications and Internet Users	• Personal Data (Privacy) Ordinance (Cap. 486) • Office of the Privacy Commission for Personal Data, Hong Kong	• Trade Secret Law • Trademark Law • Patent Law • Copyright Law • Personal Data Protection Act

As data protection, customer service, and product/service quality have been rated as three of the most material topics from the stakeholder engagement, the Group will continue to work on improving its policies on such aspects to maintain its excellence.

6.1 Quality Assurance

The Group regards product quality assurance as a highly material topic. The Group emphasises on service quality and is devoted to providing high quality workforce solutions to its clients. The Group was named the Best Comprehensive HR service Provider in Greater China by HRoot in 2018. The Group is committed to finding the right people for its clients. The Group has the following procedures to assure the quality of services.

To make sure that projects run smoothly, one-to-one service is provided to the Group's customers throughout each service period. When the Group gets a request from a client on recruiting outsourced staff or talents for permanent positions, the Group first understands client's requirement, the nature, responsibilities and other details of the position. Then, the Group selects, screens and recruits talents from its database according to the client's requirements with technology-heavy methods for higher efficiency. The recruitment is then followed up by phone calls or face-to-face interviews, when candidates are asked about their own background and experience, as well as the position applied. To ensure the best candidates can be identified and recommended to the clients, all candidates who meet the basic requirements will be interviewed. Candidates shortlisted will then be recommended to the client, who may conduct more rounds of interviews to ensure the candidates' competency. When the client has decided on certain candidates, the Group conducts background checks on the candidates before they are formally recruited. The Group also follows up on associates' or talents' performance during their contracts to check if they have been performing up to standard. Trainings might be arranged for associates to make sure they are able to fulfil their roles as necessary. For talents recruited for permanent positions, candidates who fails to meet clients' expectation will be replaced by alternative candidates. All these are done to ensure that outsourced staff is as top-quality as possible.

B. SOCIAL (Continued)

Operating practices (Continued)

B6. Product responsibility (Continued)

6.2 Communication and Customer Service

During the contract period of outsourced employees, the Group continues to communicate with the client to collect feedback and ensure service satisfaction. As customer service is rated as the second most material topic by both external stakeholders and the business, the Group will keep up with performing outstanding customer services.

The Group does the following steps to understand how clients and customers perceive its services. As mentioned, when suitable candidates have been recruited for clients, the Group takes steps to conduct background checks on these candidates before they are formally recruited for quality assurance. During the employment, the Group also conducts periodic client surveys for their feedback to better understand the gaps that the Group needs to address and improve. Associates' service quality is checked regularly to make sure their performances are up to standard and their work is as described on the contract. If they are not performing up to standard, trainings will be arranged to make up for the gap. As for headhunting services, there is a "warranty period" scheme, during which the Group will replace suitable potential candidates for the position in cases when clients are dissatisfied with the candidates. Candidates who are returned by clients will be deleted from the Group's talent database in order to maintain the quality of its talent pool.

The Group also has a hotline and a Quality Assurance (QA) Mailbox for receiving comments, compliments, or complaints. When complaints are received, they are reviewed by the QA department and will be followed up. During the Reporting Period, the Group did not receive any serious complaints from its clients.

6.3 Information Security Management

The Group regards the protection of customer data as the most important aspect of the business as the Group deals with a significant amount of personal data and other private information such as candidates' resumes and salary information in the ordinary course of its business. Hence it is regarded as the most material topic of the Group. If such sensitive information is hacked or leaked, the impact on clients and candidates is unpredictable. The Group therefore strictly follows laws and regulations and has well-established practices of treating sensitive information in all branches.

The storage of information of clients, potential talents and employees follows relevant rules and regulations in different regions. In Hong Kong, personal information must be kept for two years, after which shall be destroyed unconditionally, and the candidates shall not be contacted again, unless they initiate a communication. Accounting data shall be kept for at least seven years. In Taiwan, personal data of potential candidates are to be kept for five years, after which shall be destroyed unconditionally. In China, the Group collects, stores, uses and discloses personal data closely in accordance with PRC personal data protection laws as well. Such procedures never happen without the consent of relevant individuals. As the Group stores a huge amount of sensitive data, it puts great effort into data protection and has the following policies to deal with potential loss or leak of information in different situations.

B. SOCIAL (Continued)

Operating practices (Continued)

B6. Product responsibility (Continued)

6.3 Information Security Management (Continued)

To prevent the leak or theft of information or virus attacks from external parties, much effort is put into protecting sensitive information. For example, access of data of customers, job seekers or other users, is limited only to permitted personnel. For extra security, offices and work areas can only be entered with an employee badge and all visitors have to register at the reception; CCTVs are installed at different parts of the office; software such as, demilitarised zones, firewalls and Internet Behaviour Management systems are set up to prevent external users from visiting the internal server, prevent external attacks and control visitors' internet speed; jump-servers are installed to monitor visitors who are using VPN; the size of attachment allowed in an email from an external sender is restricted; complex passwords are set up for all servers; installation of unauthorised software or applications onto computers are prohibited; antivirus software are installed and potential loopholes are regularly checked and addressed; data stored on external hard drives that are no longer needed are erased and computers that cannot be used anymore are destroyed, etc.

To prevent the damage of important information due to vandalism, natural disasters, or accidental damage, the Group also has policies of securing data and recognising damaged data. For example, off-site facilities are set up to maintain backup files in the event of a disaster; off-line media shall be secured by specific procedures and processes; backup tapes and removable disks containing such information must be identified, labelled, and protected. All of these measures can help protect security of data or identify and understand the range of data loss if unavoidable.

To prevent the breach of sensitive data or trade sensitive information by the Group's own employees, by mistake or by intention, the Group has established several policies and terms in the employees' handbooks and the employee contracts. They include the Group Employee Use of Computing Resources, Principle of Data Privacy and Policy Guidance, Non-Disclosure Agreement, etc. which employees must follow strictly. For example, employees shall use only computers and networks providers as appointed by the Group; computers' USB ports shall be enclosed; computer passcodes shall be changed every 90 days; suspicious incidents regarding information system security shall be reported immediately when recognised, etc. Any personnel who violates the policies may risk the termination of the employment.

In cases when abnormal activities, such as visits from unusual addresses, drastic increase in access demand, network interruption, are detected, the system sends out alerts. If information had been leaked, the source of leakage would be cut off at once. Evidence would be kept, and the case would be reported and followed up by an investigation for the cause of the event and the loophole would be fixed. The Group also has to notify its Legal Counsel, who will assist in determining if the issue is material, the correction action steps to take, and how the breach should be communicated to the client or relevant parties.

The Group has not experienced any leak of information so far.

B. SOCIAL (Continued)

Operating practices (Continued)

B6. Product responsibility (Continued)

6.4 Advertisement

The Group firmly follows the requirement as stated in the Provisions on Talent Market Administration and the Interim Regulations on Human Resources Market for HR services agency. According to the regulations, basic information and recruitment information, such as number of employees recruitment conditions, work responsibilities, workplace and basic labour remuneration, released to the public or provided to the HR service institution by the employer shall be authentic and lawful. No discriminatory information in the aspects such as nationality, race, sex or religious belief shall be contained. The Group never provides false information, makes false promises, or publishes false recruitment advertisement.

To enable all employees in the Group to operate according to the law and regulation, all relevant requirement of law and regulation regarding the advertisement has been included in the Employee Handbook.

6.5 Intellectual Property Rights

The Group also views intellectual property rights as an important aspect of the business. In order to protect the Group's intellectual property, safeguard the Group's legitimate interests and give full play to the benefits of intellectual property, the Group has several intellectual property rights related policies. For key business trademarks and licenses such as "Manpower" created by the Group, they have been registered and used in Greater China by Manpower Inc. The legal department is responsible for constantly renewing, improving and monitoring its intellectual property rights-related policies and regulations, as well as registering, renewing, and transferring its intellectual property licenses or status. Employees also participate in the protection of the Group's intellectual property, as well as comply with all agreements regarding intellectual property of its suppliers. Once any suspicion of intellectual property infringement is identified, it should be reported to the legal department. The legal department shall then investigate the reported cases in a due manner and proceed with legal actions in accordance with the seriousness of the cases. Relevant terms and conditions are written on the Employee's Handbook and on the Group's intranet for employees' reference for their daily work.

The Group has not been involved in any disputes or lawsuits regarding to Intellectual Property Rights so far.

B7. Anti-corruption

The Group firmly prohibits bribery and corruption of any kind in connection with the Company's business. The Group holds a strong stance against the acceptance of any materials in return for a favour or unfair competition, and the use of deception for personal advantage. For the above reasons, the Group strictly follows laws and regulations such as the Anti-Monopoly Law and Notice on Giving Full Play to Trial Functions and Combating Commercial Briberies. Internal policies have also been established to effectively minimise the chances of misconduct. During the Reporting Period, there was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

B. SOCIAL (Continued)

Operating practices (Continued)

B7. Anti-corruption (Continued)

To enable all entities to conduct its business in an ethical manner, the Group has adopted the anti-corruption policy and policy on gifts, entertainment and sponsorships. Such policy strictly bans any party of the Group to offer, promise, approve, engage, authorize, or transfer any forms of unethical incentives or payments with the purpose of influencing a decision or obtaining commercial advantage. The involvement as any role of a bribery is strictly forbidden. Approval requests for gift expenditures over the limit of RMB1,000, or meal expenditures over the limit of RMB1,500 can be made to the compliance officer when necessary.

The antitrust and fair competition policy has also been introduced to ensure that the Group does not receive criminal or civil penalties, business disruptions, or harm in reputation. In general, Group prohibits anyone from (i) reaching an agreement with a competitor to restrain trade by fixing prices, allocating clients, or coordinating bidding activities, (ii) reaching an agreement with other companies not to do business with another company, and (iii) abusing a large market-share position by engaging in below-cost pricing in order to harm competitors. Exclusive sale arrangements and selective discounting are also restricted under the policy. As these restrictions are often complex, any unclear decisions shall be informed to, discussed with, reviewed and approved by the general manager, who shall also have appointed an individual within the entity to be its compliance officer assisting it in understanding and following such laws.

The fraud reporting policy allows staff to report suspicious cases of behaviours acting against the principles of honesty and integrity. All employees, officers, members of the Board and others who act on behalf of the company are to follow the above rules and report any suspected violations to the compliance officer directly in due course. These cases can be grouped into the broad categories of fraudulent financial statements, asset misappropriation, and bribery and corruption, which include the behaviours as described above. To ensure the effective implementation of the policy, scenarios that are regarded as frauds, and solutions to such circumstances have been identified and discussed by management and the financial controller according to applicable local laws and regulations. Reports are to be made to the compliance officer or the general manager of the respective entity of the person involved. If the general manager is suspected, the reports should be made directly to the chief financial officer of the headquarters. To avoid any unclarity and blurred lines, guidance on cases considered as fraud, and reporting methods of identified or suspect frauds are available on the online reporting system of the company website. Annual trainings on the topic of corruption are also arranged for employees. Once reports are made, the general manager is responsible for facilitating communications and updates, organising investigations, and providing solutions to the reported cases.

Appropriate actions will be taken against the party involved in a fraud after consulting with legal and compliance, human resource, and risk management departments. Prosecution, termination and restitution in cases will be supported by the Group if enough evidence is available. It is also the practice of the Group that the identity of any person making a report will remain confidential, except to the extent necessary for the protection of the Group's interests or required by laws, to let employees know that it is always safe to report suspicious cases.

B. SOCIAL (Continued)

Operating practices (Continued)

B8. Community investment

The Group regards community investment as its duty as a responsible corporate citizen. The Group has a long history of putting great effort into two major areas of contribution: promotion in local employment, and assistance in the recovery of community affect by the 2008 Sichuan earthquake.

8.1 Local Employment Promotion

The Group has always paid close attention to issues related to employment as it is committed to unleashing the power of human potential for progress. Since the Group's business involves different occupations and applicants, the Group has industry insights of job vacancies, employers' expectations on applicants, difficulty in switching occupations, etc. The Group therefore hopes to make use of its expertise and contribute to higher employment rate by cooperating with different levels of governing bodies, committee of the Communist Party of China (CPC), and HR and social security departments. Services that the Group provided to these parties include, talent strategy consultation, talent assessment, recruitment of global experts, research and consultation on the lack of talents, research on the current human resources market trend, etc. the major target of these services is to promote the formulation of policies that can help job seekers find a job.

In addition, the Group also works with Employment Promotion Centres to conduct investigations on employment statuses and entrepreneurships, organise assessments on capability and hold classes of starting a business, hold recruitment events, provide counselling services and vocational trainings and recommend jobs of different variety for the public. As for the Group's business partners or other international organisations, forums and symposiums are held on a regular basis so that ties can be established, and communications platforms can be built for long term interests. Other professional associations in the industry, e.g. Association of Chartered Certified Accountants (ACCA), Junior Achievement, also partner with the Group for similar purposes. For example, around five highly qualified and professional employees of the Group provide an average of 8 hours annually to assist and train a total of over 80 ACCA members. All of these investments of expertise and time have the primary aim to promote and help with employment.

8.2 Sichuan Earthquake Recovery

The Group has also given great care to children and communities affected by the 2008 Sichuan earthquake ever since the incident. Since the Group regards mental healthiness as a great asset to society and community recovery as an important aspect to the country in general, it has been attending to skills development of the young, looking after children with autism, assisting with the rebuild of infrastructures and promoting environmental protection. More specifically, the Group has been donating money and supplies to a primary school in Ningqiang County, which was turned from a three-storey building to debris due to the earthquake, in Shaanxi Province, neighbouring to Sichuan for the past 11 years. Each year, over 10 employees of the Group devotes more than 16 hours in participating caring acts for the affected communities. During the Reporting Period, the Group invested approximately RMB78,000 in a charity event for the Ningqiang Primary School. As a result of the Group's generous donations, the primary school had been able to obtain equipment for doing sports, playing puzzle games such as chess, broadband for going on the internet, and the necessities for studying, i.e. desks, computers, books, and a library; children had also been given the opportunity to visit the World Expo in 2010, their parents who work near Shanghai, and world-renowned universities and architectures in Shanghai in the years following.

B. SOCIAL (Continued)

Operating practices (Continued)

B8. Community investment (Continued)

8.3 Other Charitable Acts

During the Reporting Period, the Group donated RMB1 million to the Hong Kong Community Chest upon the Listing and was given the title of Partner of Corporate Giving. Through its donation, the Group hopes that it can contribute to the increasing welfare for youths, elderly, families, and development in the aspects of medical, health care and rehabilitation, and community in Hong Kong.

Directors' Report

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of HR services. An analysis of the Group's revenue and operating results for the year ended 31 December 2019 by its principal activities is set out in note 5 to the consolidated financial statements of the Group on pages 118 to 123 of this report.

RESULTS

The results of the Group for the year ended 31 December 2019 are set out in the section headed "Management Discussion and Analysis" of this report and the consolidated statement of profit or loss and other comprehensive income of the Group on pages 83 to 84 of this report.

BUSINESS REVIEW

A review of the business of the Group, including an analysis of the Group's financial performance using key performance indicators and a discussion of likely future developments in the business of the Group, is set out in the section headed "Management Discussion and Analysis" on pages 5 to 18 of this report. In addition, discussions on the Group's environmental protection policies, performance and relationships with employees, customers, suppliers and major stakeholders is set out in the section headed "Environmental, Social and Governance Report" of this report. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2019 are set out in note 38 to the consolidated financial statements on page 170 of this report. An account of the Company's key relationships with its employees, customers and suppliers, please refer to the sections headed "Management Discussion and Analysis — Employees, Remuneration Policy and Training" and "Directors' Report — Major Customers and Suppliers" of this report. These discussions form part of the Directors' Report.

Principal risks and uncertainties

There are certain principal risks and uncertainties faced by the Group in the normal course of business include: (i) geographical events such as US-China trade war, the Brexit or the COVID-19 outbreak, which affect the demand of the Group's services; (ii) failure to retain existing clients and attract new clients; (iii) failure to compete successfully in a rapidly evolving market in which the Group operates and (iv) failure to maintain, protect and enhance the brands. However, the above is not exhaustive and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

In order to manage the Group's exposure to the aforementioned risks and to attract or retain clients, the Group has strived and will continue to strive to provide high-quality services or solutions valued by the business customers.

Compliance with the relevant laws and regulations

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2019, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

GEOGRAPHICAL ANALYSIS OF OPERATION

An analysis of the Group's revenue from operations by geographical locations of customers for the year ended 31 December 2019 is set out in Note 5 to the consolidated financial statements.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.27 per Share (equivalent to RMB0.24 per Share) amounting to a total of HK$56 million (equivalent to RMB50 million) for the year ended 31 December 2019, representing approximately 45% of the Group's profit attributable to owners of the Company from continuing operations for the year ended 31 December 2019. The 2019 Proposed Final Dividend is subject to the approval of the Shareholders at the 2020 AGM to be held on Monday, 29 June 2020. The 2019 Proposed Final Dividend will be declared and paid in Hong Kong dollars.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

PROPERTY AND EQUIPMENT

Changes to the property and equipment of the Group during the year ended 31 December 2019 are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the issued shares of the Company during the year ended 31 December 2019 are set out in note 27 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES OF THE COMPANY

Details of the movement in the reserves of the Company during the year ended 31 December 2019 are set out on page 87 of this report. In respect of Company, the amount of reserves available for distribution under the Companies Laws of the Cayman Islands as at 31 December 2019 was RMB0.9 billion.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2019 and the state of the Group's financial position as at that date are set out in the consolidated statement of financial position on pages 85 to 86 of this report.

DIRECTORS

The Directors during the year ended 31 December 2019 and up to the date of this report were:

Name of director	Position
Mr. YUAN Jianhua	Executive Director
Mr. Darryl E GREEN	Non-executive Director
Mr. Sriram CHANDRASEKAR	Non-executive Director
Mr. ZHANG Yinghao	Non-executive Director
Mr. ZHAI Feng	Non-executive Director
Mr. Thomas YEOH Eng Leong	Independent non-executive Director
Ms. WONG Man Lai Stevie	Independent non-executive Director
Mr. Victor HUANG	Independent non-executive Director

In accordance with the Articles of Association, any Director appointed by the Board to fill a casual vacancy in the Board or as an additional member of the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election at such meeting. In addition, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office. Accordingly, all Directors shall retire from office by rotation at the 2020 AGM and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

The executive Director has entered into a service agreement with the Company for an initial fixed term of three years commencing on the Listing Date, until terminated by not less than three months' notice in writing served by either party on the other. Each of the non-executive Directors has entered into an appointment letter with the Company for an initial fixed term of three years, until terminated by not less than three months' notice in writing served by either party on the other. Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial fixed term of one year, until terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors who are proposed for election or re-election at the 2020 AGM has a service contract or appointment letter with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

REMUNERATION OF THE DIRECTORS

Details of remuneration of the Directors during the year ended 31 December 2019 are set out in note 12 to the consolidated financial statements. None of the Directors has waived or agreed to waive any emoluments for the year ended 31 December 2019.

EMOLUMENT POLICY

A remuneration committee was set up to make recommendations on the Company's emolument policy and structure for all remuneration of the Directors and senior management of the Group on the basis of their merit, qualifications and competence.

The Company has adopted the Share Option Scheme as incentive to eligible employees, details of which are set out in the section headed "Share Option Scheme" of this section.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Biographies of Directors and Senior Management" of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2019, save as otherwise disclosed under the section headed "Director's Report — Continuing connected transactions" of this report, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

NON-COMPETITION UNDERTAKINGS

MAN and CM Phoenix Tree Limited declared that from the Listing Date to 31 December 2019 it had complied with the undertakings given under the MAN Deed of non-competition and CPE Deed of Non-competition, respectively, as disclosed in the Prospectus. The independent non-executive Directors did not notice any incident of non-compliance of such undertakings and have reviewed the status of compliance with the undertakings under the MAN Deed of Non-Competition by MAN and CPE Deed on Non-competition by CM Phoenix Tree Limited and confirmed that such non-competition undertakings have been complied with during the period from the Listing Date to 31 December 2019.

SHARE OPTION SCHEME

The Company approved and adopted the Share Option Scheme on 5 June 2019. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

Details of the Share Option Scheme

(1) Purpose

The purpose of the Share Option Scheme is to motivate the participants to optimise their performance efficiency for the benefit of the Group and to attract and retain or otherwise maintain an on-going business relationship with the participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) Participants

Any individual, being a full-time or part-time employee, executive, officer, or director (including non-executive director and independent non-executive director) of the Group who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options.

(3) The maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 20,000,000 Shares.

(4) The maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

(5) Acceptance and exercise of option

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

(6) Price of Shares

The subscription price per Share under the Share Option Scheme will be a price determined by the Board in its absolute discretion, but must be at least the higher of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the option, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer of the option; and

(iii) the nominal value of a Share.

SHARE OPTION SCHEME (Continued)

Details of the Share Option Scheme (Continued)

(7) The duration of the Share Option Scheme

The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. No option may be granted more than ten years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of ten years from the date of its adoption.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information — D. Other information — 1. Share Option Scheme" in Appendix IV to the Prospectus.

Details of the share option granted

The following table sets forth the particulars of the movements of share options granted under the Share Option Scheme during the year ended 31 December 2019:

Capacity and name of grantees	Date of grant	Exercise price per Share (HK$)	Exercise periods	Outstanding as at 1 January 2019	Changes during the year ended 31 December 2019				Outstanding as at 31 December 2019
					Granted	Exercised	Cancelled	Forfeited	
Director									
Mr. YUAN Jianhua	20 Sep 2019	10.94	20 Sep 2022 – 20 Sep 2025	–	400,000	–	–	–	400,000
Employees of the Group	20 Sep 2019	10.94	20 Sep 2022 – 20 Sep 2025	–	3,462,000	–	–	(35,000)	3,427,000
Total									3,827,000

Save as disclosed above, no option was granted or agreed to be granted under the Share Option Scheme during the year ended 31 December 2019.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2019, the interests or short positions of the Directors and chief executive of the Company and their associates in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code was as follow:

Name of Director	Nature of Interest	Number of Shares or underlying Shares *(Note 1)*	Approximate percentage of shareholding *(Note 1)*
Mr. YUAN Jianhua	Beneficial owner	400,000 (L)	0.19%

Note:

(1) As at 31 December 2019, the Company issued 207,500,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Company, as at 31 December 2019, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholder	Nature of Interest	Number of Shares or underlying Shares (Note 1)	Approximate percentage of shareholding (Note 1)
Manpower Holdings, Inc.	Beneficial owner	41,539,168 (L)	20.02%
Manpower Nominees Inc.	Beneficial owner	34,960,220 (L)	16.85%
ManpowerGroup Inc. (Note 2)	Interest in controlled corporations	76,499,388 (L)	36.87%
CM Phoenix Tree Limited	Beneficial owner	73,500,612 (L)	35.42%
CM Phoenix Tree II Limited (Note 3)	Interest in controlled corporations	73,500,612 (L)	35.42%
CPEChina Fund II, L.P. (Note 3)	Interest in controlled corporations	73,500,612 (L)	35.42%
CITIC PE Associates II, L.P. (Note 3)	Interest in controlled corporations	73,500,612 (L)	35.42%
CITIC PE Funds II Limited (Note 3)	Interest in controlled corporations	73,500,612 (L)	35.42%
CITICPE Holdings Limited (Note 3)	Interest in controlled corporations	73,500,612 (L)	35.42%
CLSA Global Investments Management Limited (Note 3)	Interest in controlled corporations	73,500,612 (L)	35.42%
CLSA, B.V. (Note 3)	Interest in controlled corporations	73,500,612 (L)	35.42%
CITIC Securities International Company Limited (Note 3)	Interest in controlled corporations	73,500,612 (L)	35.42%
CITIC Securities Company Limited (Note 3)	Interest in controlled corporations	73,500,612 (L)	35.42%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

Notes:

(1) As at 31 December 2019, the Company issued 207,500,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

(2) Manpower Holdings, Inc. and Manpower Nominees Inc. are wholly owned by ManpowerGroup Inc. and therefore ManpowerGroup Inc. is deemed to be interested in the Shares held by Manpower Holdings, Inc. and Manpower Nominees Inc.

(3) CM Phoenix Tree Limited is owned as to approximately 91.17% by CM Phoenix Tree II Limited. CM Phoenix Tree II Limited is owned as to approximately 86.33% by CPEChina Fund II, L.P.. The general partner of CPEChina Fund II, L.P. is CITIC PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands whose general partner is CITIC PE Funds II Limited. CITIC PE Funds II Limited is wholly owned by CITICPE Holdings Limited, which is held as to 35% by CLSA Global Investments Management Limited. CLSA Global Investments Management Limited is wholly owned by CLSA, B.V., which is wholly owned by CITIC Securities International Company Limited, which in turn is wholly owned by CITIC Securities Company Limited, a company listed on both the Stock Exchange and the Shanghai Stock Exchange. Therefore, each of CM Phoenix II Limited, CPEChina Fund II, L.P., CITIC PE Associates II, L.P., CITIC PE Funds II Limited, CITICPE Holdings Limited, CLSA Global Investments Management Limited, CLSA, B.V., CITIC Securities International Company Limited and CITIC Securities Company Limited is deemed to be interested in the Shares held by CM Phoenix Tree Limited.

Save as disclosed above, as at 31 December 2019, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the year ended 31 December 2019 was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Continuing connected transactions", "Related party transactions" and "Management discussion and analysis" and note 35 to the consolidated financial statements contained in this report, no transactions, arrangements or contracts of significance in relation to which the Company, its holding company or subsidiaries was a party and in which a Director or his/her connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time from the Listing Date and up to 31 December 2019.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Continuing connected transactions", "Related party transactions" and "Management discussion and analysis" and note 35 to the consolidated financial statements contained in this report, no contracts of significance (i) in relation to the Group's business; or (ii) for provision of services to the Company (or any of its subsidiaries) by a Controlling Shareholder (or any of its subsidiaries) between the Company (or any of its subsidiaries) and a Controlling Shareholder (or any of its subsidiaries) subsisted from the Listing Date and up to 31 December 2019.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2019, revenue attributable to the Group's largest customer amounted to approximately 13% of the Group's total revenue and the Group five largest customers in aggregate accounted for less than 27% of the Group's revenue for the year.

During the year ended 31 December 2019, purchases attributable to the Group's largest supplier amounted to approximately 16% of the Group's total purchases and the Group five largest suppliers in aggregate accounted for less than 30% of the Group's total purchase for the year.

None of the Directors, their close associates or any Shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued Shares, had an interest in the share capital of any of the five largest suppliers and customers.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2019, the Company conducted the following transactions which constitute non-exempt continuing connected transactions (as defined in the Listing Rules) of the Company, details of these transactions are set out below:

1. Trademark and proprietary product licensing

On 20 June 2019, MAN (as licensor), Manpower HK (as licensee) and the Company entered into an amended and restated brand license agreement (the "Brand License Agreement") to amend and restate the license agreement between MAN and the Company dated 16 July 2015 (the "Original License Agreement") and to novate all the rights and obligations of the Company under the Original License Agreement to Manpower HK. Pursuant to the Brand License Agreement, among others, MAN granted to Manpower HK an exclusive and non-transferable license to use certain trademarks and proprietary products solely for the purpose of and relating to, among others, the carrying on of the Group's business within the Greater China region. Under the Brand License Agreement, Manpower HK has the right to sublicense the use of the licensed trademarks and proprietary products within the Greater China region to any other member of the Group (including the Company) from time to time, including the subsidiaries and their branches in the Greater China region from time to time, provided that (i) the entities so sublicensed must be a subsidiary or branch of the Company or a member of our Group; and (ii) the entities so sublicensed shall be subject to at least the same level of restrictions on the obligations as Manpower HK as licensee arising from the Brand License Agreement. The term of the Brand License Agreement shall be perpetual from the Listing Date for so long as MAN, directly or indirectly, remains a shareholder in Manpower HK or the Company of at least 0.1% of each of its issued shares. The annual caps of transactions contemplated under the Brand License Agreement would be RMB11,904,000, RMB16,430,000 and RMB22,181,000 for the year ended 31 December 2019 and the years ending 31 December 2020 and 2021, respectively. For the year ended 31 December 2019, the aggregate royalty fees in respect of such licensing arrangement amounted to RMB9.17 million.

CONTINUING CONNECTED TRANSACTIONS (Continued)

2. Flexible staffing services provided to the MAN Group

On 13 June 2019, the Company and MAN entered into a master services agreement (the "Master Services Agreement"), pursuant to which it was agreed that among others, the Group would continue to provide to the MAN Group flexible staffing services already existing as of the Listing Date in jurisdictions which the Group operates for a term commencing from the Listing Date until 31 December 2021. Such services include (i) project-based flexible staffing services where certain customers of the MAN Group have staffing needs within Greater China and we provide the relevant services to the MAN Group to enable it to serve such customers; and (ii) the staffing of a management staff in charge of project implementation who is based in Greater China and who serves the MAN Group in the territory. The annual caps of transactions contemplated under the Master Services Agreement would be RMB4,765,000, RMB6,195,000 and RMB8,054,000 for the year ended 31 December 2019 and the years ending 31 December 2020 and 2021, respectively. For the year ended 31 December 2019, the aggregate fees for the project-based services provided by the Group to the MAN Group amounted to RMB3.52 million.

3. Flexible staffing services provided by the MAN Group

During the ordinary course of business, the Group has been receiving project-based flexible staffing services from the MAN Group, which have arisen when certain customers of the Group have staffing needs in jurisdictions which the MAN Group operates and the MAN Group provides the relevant services to the Group to enable it to serve such customers. The fees payable by the Group in respect of such services are determined based on arm's length negotiations between the parties on the same pricing basis as the historical transactions, with reference to the pending expiration of certain current contracts with the Group's customers by 2019, the expected inflation and the estimated demand for related services arising from the existing projects in the coming three years. The annual caps of such transactions would be RMB657,000, RMB721,000 and RMB840,000 for the year ended 31 December 2019 and the years ending 31 December 2020 and 2021, respectively. For the year ended 31 December 2019, the aggregate fees for services provided by the MAN Group amounted to RMB0.44 million.

4. Provision of information technology services

During the ordinary course of business, certain third party-owned software used by the Group was maintained through certain information technology services provided by the MAN Group to the Group, as the MAN Group possessed the related technical knowhow for maintenance of the related software. The related service fees are determined with reference to factors including the costs of provision of the related services, the then prevailing market price for such services and the approximate time and manpower spent by the MAN Group. The annual caps of such transactions would be RMB239,000, RMB310,000 and RMB403,000 for the year ended 31 December 2019 and the years ending 31 December 2020 and 2021, respectively. For the year ended 31 December 2019, the aggregate fees for services provided by the MAN Group amounted to RMB0.17 million.

5. Provision of management coordination services

During the ordinary course of business, the Group provided management coordination services to the MAN Group to coordinate the consistent implementation of business plans and project execution among the regional offices of the MAN Group and the Group in respect of the provision of HR consultancy services by the two groups in the Asia Pacific region. The transaction amounts in relation to such services will be determined based on arm's length negotiations between the parties on the same pricing basis as the historical transactions with reference to inflation and the estimated demand for related services in the coming three years. The annual caps of such transactions would be RMB767,000, RMB997,000 and RMB1,296,000 for the year ended 31 December 2019 and the years ending 31 December 2020 and 2021, respectively. For the year ended 31 December 2019, the aggregate fees for services provided by the MAN Group amounted to RMB0.33 million.

CONTINUING CONNECTED TRANSACTIONS (Continued)

6. Software licensing and maintenance services

During the ordinary course of business, the Group was granted use of certain software developed and owned by the MAN Group for its operation purpose to facilitate the provision of HR consultancy services. Ancillary maintenance services in respect of such software are also provided by the MAN Group. Pursuant to the Master Services Agreement, MAN would grant to the Group a non-exclusive license for continued use of such software and would continue to provide the related maintenance services to the Group. The transaction amounts in relation to such arrangement are determined based on arm's length negotiations between the parties on the same pricing basis as the historical transactions with the reference to the estimated demand for related services in the coming three years. The annual caps of such transactions would be RMB797,000, RMB1,036,000 and RMB1,346,000 for the year ended 31 December 2019 and the years ending 31 December 2020 and 2021, respectively. For the year ended 31 December 2019, the aggregate fees for services provided by the MAN Group amounted to RMB0.49 million.

7. Manpower Employment Outlook Survey ("MEOS") licensing

During the ordinary course of business, the MAN Group granted to the Group the use of MEOS, the market survey report in relation to global employment data and outlook published on a quarterly basis, for publicity and marketing purpose. Pursuant to the Master Services Agreement, MAN would grant the Group a non-exclusive license to continued use of MEOS. Such reports are commissioned by the MAN Group and prepared by third party contractors. The Group is charged by MAN at amounts representing the portion of the related costs for such market survey reports relevant to the Greater China region in which it operates. The transaction amounts for such arrangement are determined based on arm's length negotiations between the parties on the same pricing basis as the historical transactions. The annual caps of such transactions would be RMB129,000, RMB167,000 and RMB218,000 for the year ended 31 December 2019 and the years ending 31 December 2020 and 2021, respectively. For the year ended 31 December 2019, the aggregate fees for services provided by the MAN Group amounted to RMB0.09 million.

MAN is one of the Controlling Shareholders and hence a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Brand License Agreement constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

Confirmation from independent non-executive Directors

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions have been entered into in (i) the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmations from the Company's independent auditor

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to conduct certain procedures in respect of the continuing connected transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

CONTINUING CONNECTED TRANSACTIONS (Continued)

The auditor has confirmed to the Board in writing that for the year ended 31 December 2019, the continuing connected transactions, which were entered into:

a. have received the approval of the Board;

b. have been in accordance with the pricing policies of the Company for transactions involving the provision of goods or services;

c. have been in accordance with the relevant agreement governing such transactions; and

d. have not exceeded the relevant announced cap amounts for the financial year ended 31 December 2019.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2019 are set out in note 35 to the consolidated financial statements.

The related party transactions set out in note 35 to consolidated financial statements include related party transactions disclosed under accounting standards and related party transactions which also constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The related party transactions in respect of the remuneration of Directors and chief executives of the Company constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The related party transactions in respect of the remuneration of key management personnel (other than directors and chief executives) of the Company did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. Unless otherwise disclosed in this report, the Directors believe, all other related party transactions set out in note 35 to the consolidated financial statements do not fall within the definition of "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules (as the case may be). The Company confirmed that it was in compliance with the disclosure requirements in Chapter 14A of the Listing Rules for the year ended 31 December 2019 or a waiver from such provisions has been obtained from the Stock Exchange.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association, or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

The Company has not entered into any new loan agreements containing any covenant relating to specific performance of the Controlling Shareholders, which is required to be disclosed in accordance with Rule 13.18 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under Listing Rules.

CORPORATE GOVERNANCE

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year under review. Principal corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" section on pages 25 to 35 of this report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out in the section headed "Financial Summary" on page 77 of this report.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2019 are set out in note 36 to the consolidated financial statements.

PERMITTED INDEMNITY

The Articles of Association provide that every Director is entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Group has taken out and maintained directors' liability insurance for the year ended 31 December 2019, which provides appropriate cover for the Directors. The permitted indemnity provision was in force during the year ended 31 December 2019 and remained in force as at the date of this report for the benefit of the Directors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save for the Company's initial public offering as described in the Prospectus and the additional 7,500,000 Shares alloted and issued through the full exercise of the over-allotment option on 2 August 2019, the Group did not purchase, sell or redeem any of the listed securities of the Company since the Listing and up to 31 December 2019.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the above paragraph headed "Share Option Scheme" in this section, no equity-linked agreements were entered into during the year ended 31 December 2019 and subsisted at the end of the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2020 AGM will be held on Monday, 29 June 2020. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the 2020 AGM and the Shareholders' entitlement to the 2019 Proposed Final Dividend, the Register of Members will be closed as appropriate as set out below:

For determining the entitlement to attend, speak and vote at the 2020 AGM

The Register of Members will be closed from Tuesday, 23 June 2020 to Monday, 29 June 2020, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2020 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 22 June 2020.

For determining the entitlement to the 2019 Proposed Final Dividend

The Register of Members will be closed from Saturday, 4 July 2020 to Thursday, 9 July 2020, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the 2019 Proposed Final Dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 3 July 2020.

EVENTS AFTER THE REPORTING PERIOD

Important events which have occurred after 31 December 2019 are disclosed in note 38 to the consolidated financial statements.

RETIREMENT BENEFITS PLAN

Details of retirement benefits plan of the Group for the Relevant Year are set out in note 29 to the consolidated financial statements.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID EMPLOYEES

Details of the Directors' remuneration and five highest paid employees for the Relevant Year are set out in notes 12 and 13 to the consolidated financial statements.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2019 have been audited by Deloitte Touche Tohmatsu who will retire at the 2020 AGM. Deloitte Touche Tohmatsu, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company will be proposed at the 2020 AGM.

There has been no change of auditor of the Company since the Listing.

By order of the Board of
ManpowerGroup Greater China Limited
Yuan Jianhua
Executive Director, Chief Executive Office and President

Hong Kong, 26 March 2020

Financial Summary

	Year ended 31 December			
	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from continuing operations	**3,041,513**	2,491,494	2,006,922	1,624,101
Profit for the year from continuing operations	**120,478**	108,265	89,541	69,656
Profit for the year from discontinued operation	**–**	5,030	5,021	7,186
Profit for the year	**120,478**	113,295	94,562	76,842
Profit for the year attributable to owners of the Company:				
– from continuing operations	**110,149**	95,040	81,376	61,070
– from discontinued operation	**–**	3,116	3,013	4,312
Profit for the year attributable to owners of the Company	**110,149**	98,156	84,389	65,382
Adjusted profit attributable to owners of the Company from continuing operations	**134,975**	113,235	84,389	65,382

	As at 31 December			
	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets	**259,207**	181,081	146,980	69,584
Current assets	**1,470,700**	952,280	980,162	862,940
Total assets	**1,729,907**	1,133,361	1,127,142	932,524
EQUITY AND LIABILITIES				
Total equity	**1,219,075**	722,709	749,536	665,637
Non-current liabilities	**57,909**	6,875	6,948	–
Current liabilities	**452,923**	403,777	370,658	266,887
Total liabilities	**510,832**	410,652	377,606	266,887
Total equity and liabilities	**1,729,907**	1,133,361	1,127,142	932,524

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF
MANPOWERGROUP GREATER CHINA LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of ManpowerGroup Greater China Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 83 to 170, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and trademarks with indefinite useful lives related to Event Elite Production and Promotion Limited	
We identified the impairment assessment of goodwill and trademarks with indefinite useful lives related to Event Elite Production and Promotion Limited ("Event Elite") as a key audit matter due to the significant degree of judgment by management of the Group associated with the underlying assumptions in the determination of the recoverable amounts. As disclosed in notes 4 and 18 to the consolidated financial statements, significant judgment were exercised by the management in determining assumptions and estimates involved in the forecasting of future cash flows, which form the basis of the impairment assessment of the goodwill and trademarks with indefinite useful lives of Event Elite. The key assumptions and estimation included discount rate, revenue growth rates and cash flow projections which are dependent on macro and micro-economic factors and accordingly, the calculation of the value in use of the goodwill and trademarks with indefinite useful lives of Event Elite has a high degree of estimation uncertainty. Management performed an impairment assessment of the carrying amounts of these assets of Event Elite in accordance with the requirements of International Accounting Standard 36 *Impairment of Assets* and as disclosed in note 18 to the consolidated financial statements. Due to the adverse change of market conditions, the management of the Group recognised impairment loss of goodwill directly related to Event Elite amounting to approximately RMB6,232,000 for the year ended 31 December 2019 and concluded there is no impairment on the trademarks with indefinite useful lives related to Event Elite for the year ended 31 December 2019. As a result, the carrying amount (net of accumulated impairment losses, if any) of the goodwill and trademarks with indefinite useful lives of Event Elite were approximately RMB31,375,000 and RMB32,412,000, respectively, as at 31 December 2019.	Our procedures in relation to the impairment assessment of goodwill and trademarks with indefinite useful lives of Event Elite included: • Obtaining an understanding of management's process of impairment assessment and the methodology applied by management in performing its impairment test for goodwill and trademarks with indefinite useful lives related to Event Elite; • Involving our valuation experts to evaluate the valuation methodology and assess the reasonableness of the discount rates in the impairment assessment applied by management and benchmarked the discount rates applied to other comparable companies in the same industry; • Analysing the historical accuracy of the cash flow projections, on a sample basis, by comparing them to the actual results in the current year and understanding the causes of any significant variances; and • Assessing the reasonableness of key assumptions applied in the cash flow projections approved by the management, in particular revenue growth rates, applied by management by comparing them with historical trends, economic and industry forecasts.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chan Ka Sing.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
Continuing operations			
Revenue	5	3,041,513	2,491,494
Cost of services		(2,454,916)	(1,926,981)
Gross profit		586,597	564,513
Selling expenses		(345,354)	(336,264)
Administrative expenses		(75,225)	(67,421)
Other income	6	10,938	3,070
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	32b	1,410	(227)
Other gains and losses	7	(1,687)	2,558
Finance costs	8	(2,480)	–
Share of loss of associates		(1,926)	(1,702)
Listing expenses		(18,242)	(18,195)
Profit before tax		154,031	146,332
Income tax expense	9	(33,553)	(38,067)
Profit for the year from continuing operations		120,478	108,265
Discontinued operation			
Profit for the year from discontinued operation	10	–	5,030
Profit for the year	11	120,478	113,295
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Actuarial losses from remeasurement of defined benefit obligations, net of tax		(278)	(39)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		8,875	28,921
Other comprehensive income for the year, net of tax		8,597	28,882
Total comprehensive income for the year		129,075	142,177

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	NOTE	**2019** **RMB'000**	2018 RMB'000
Profit for the year attributable to owners of the Company			
– from continuing operations		**110,149**	95,040
– from discontinued operation		**–**	3,116
Profit for the year attributable to owners of the Company		**110,149**	98,156
Profit for the year attributable to non-controlling interests			
– from continuing operations		**10,329**	13,225
– from discontinued operation		**–**	1,914
Profit for the year attributable to non-controlling interests		**10,329**	15,139
		120,478	113,295
Total comprehensive income for the year attributable to:			
Owners of the Company		**118,698**	124,804
Non-controlling interests		**10,377**	17,373
		129,075	142,177
Earnings per share	*15*		
From continuing and discontinued operations			
Basic *(RMB)*		**0.62**	0.65
Diluted *(RMB)*		**0.62**	N/A
From continuing operations			
Basic *(RMB)*		**0.62**	0.63
Diluted *(RMB)*		**0.62**	N/A

Consolidated Statement of Financial Position

At 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property and equipment	16	16,132	13,833
Right-of-use assets	17	81,535	–
Goodwill	18	64,411	69,310
Other intangible assets	19	45,206	41,669
Interests in associates	20A	4,272	6,198
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")	20B	9,705	9,705
Deferred tax assets	21	2,781	3,521
Other receivable	10	11,533	12,448
Deposits		14,130	14,710
Restricted bank deposits	24	9,485	9,299
Retirement benefit assets	29	17	388
		259,207	181,081
CURRENT ASSETS			
Trade and other receivables, deposits and prepayments	22	513,356	451,409
Amount due from ultimate holding company	23	–	4,159
Amounts due from fellow subsidiaries	23	847	–
Financial assets at fair value through profit or loss ("**FVTPL**")	24	133,292	87,279
Restricted bank deposits	24	16,233	32,410
Time deposits with original maturity over three months	24	5	147,184
Bank balances and cash	24	806,967	229,839
		1,470,700	952,280
CURRENT LIABILITIES			
Trade and other payables	25A	358,452	343,748
Contract liabilities	25B	20,879	12,821
Lease liabilities	26	31,858	–
Amount due to ultimate holding company	23	10,372	20,713
Amounts due to fellow subsidiaries	23	949	2,411
Tax payables		30,413	24,084
		452,923	403,777

Consolidated Statement of Financial Position

At 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
NET CURRENT ASSETS		**1,017,777**	548,503
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,276,984**	729,584
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*21*	**7,923**	6,875
Lease liabilities	*26*	**49,986**	–
		57,909	6,875
NET ASSETS		**1,219,075**	722,709
CAPITAL AND RESERVES			
Share capital	*27*	**1,830**	125
Reserves		**1,155,829**	652,813
Equity attributable to owners of the Company		**1,157,659**	652,938
Non-controlling interests		**61,416**	69,771
TOTAL EQUITY		**1,219,075**	722,709

The consolidated financial statements on pages 83 to 170 were approved and authorised for issue by the board of directors on 26 March 2020 and are signed on its behalf by:

Yuan Jianhua
DIRECTOR

Victor Huang
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Share-based payments reserve RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000 *(Note)*	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2018	125	489,965	–	(32,506)	35,895	183,139	676,618	72,918	749,536
Profit for the year	–	–	–	–	–	98,156	98,156	15,139	113,295
Actuarial losses from remeasurement of defined benefit obligations	–	–	–	–	–	(23)	(23)	(16)	(39)
Exchange differences arising on translation of foreign operations	–	–	–	26,671	–	–	26,671	2,250	28,921
Total comprehensive income for the year	–	–	–	26,671	–	98,133	124,804	17,373	142,177
Dividends paid to non-controlling shareholders of subsidiaries ("NCI shareholders")	–	–	–	–	–	–	–	(1,800)	(1,800)
Dividends recognised as distribution *(note 14)*	–	(6,405)	–	–	–	(142,079)	(148,484)	–	(148,484)
Disposal of subsidiaries *(note 10)*	–	–	–	–	(5,666)	5,666	–	(18,720)	(18,720)
Transfer to statutory reserve	–	–	–	–	2,071	(2,071)	–	–	–
At 31 December 2018	125	483,560	–	(5,835)	32,300	142,788	652,938	69,771	722,709
Profit for the year	–	–	–	–	–	110,149	110,149	10,329	120,478
Actuarial losses from remeasurement of defined benefit obligations	–	–	–	–	–	(167)	(167)	(111)	(278)
Exchange differences arising on translation of foreign operations	–	–	–	8,716	–	–	8,716	159	8,875
Total comprehensive income for the year	–	–	–	8,716	–	109,982	118,698	10,377	129,075
Recognition of equity-settled share-based payments *(note 28)*	–	–	352	–	–	–	352	–	352
Dividends paid to NCI shareholders	–	–	–	–	–	–	–	(18,732)	(18,732)
Dividends recognised as distribution *(note 14)*	–	(83,783)	–	–	–	–	(83,783)	–	(83,783)
Issue of share under capitalisation issue *(note 27(iii))*	1,196	(1,196)	–	–	–	–	–	–	–
Issue of shares pursuant to initial public offering *(note 27(iv))*	442	435,940	–	–	–	–	436,382	–	436,382
Issue of shares upon over-allotment option exercised *(note 27(v))*	67	66,244	–	–	–	–	66,311	–	66,311
Transaction costs attributable to issue of new shares	–	(33,239)	–	–	–	–	(33,239)	–	(33,239)
Transfer to statutory reserve	–	–	–	–	3,129	(3,129)	–	–	–
At 31 December 2019	1,830	867,526	352	2,881	35,429	249,641	1,157,659	61,416	1,219,075

Note: Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the subsidiaries established in the PRC is required to transfer 10% of its profit after tax as per statutory financial statements (as determined by the management of the subsidiary) to the statutory reserve. The statutory reserve is discretionary when the reserve balance reaches 50% of the registered capital of the respective company and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary.

Pursuant to the relevant laws in Taiwan, Taiwan companies shall set aside 10% of their statutory net income each year for the legal reserve, until the reserve balance has reached the paid-in share capital amount.

These above-mentioned reserves cannot be used for purposes other than those for which they were created and are not distributable as cash dividends.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 RMB'000	2018 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**154,031**	152,873
Adjustments for:		
Finance costs	**2,480**	–
Bank interest income	**(8,545)**	(2,739)
Dividend income	**(682)**	–
Depreciation of property and equipment	**4,526**	3,857
Depreciation of right-of-use assets	**32,345**	–
Amortisation of intangible assets	**2,705**	2,589
Gain on disposal of subsidiaries	**–**	(244)
Gain on disposal of property and equipment	**(59)**	(137)
Net fair value change in financial assets at FVTPL	**(3,675)**	(3,524)
Net imputed interest on consideration receivables	**(77)**	–
Impairment losses under ECL model, net of reversal	**(1,410)**	227
Impairment loss on goodwill	**6,232**	–
Share-based payment expense	**352**	–
Share of loss of associates	**1,926**	1,702
Operating cash flows before movements in working capital	**190,149**	154,604
Increase in trade and other receivables, deposits and prepayments	**(58,210)**	(109,584)
Decrease (increase) in amount due from ultimate holding company	**194**	(194)
Increase in amounts due from fellow subsidiaries	**(273)**	–
Increase in trade and other payables	**5,882**	60,130
Increase in contract liabilities	**7,851**	2,321
(Decrease) increase in amount due to ultimate holding company	**(9,175)**	9,118
Increase in amounts due to fellow subsidiaries	**58**	680
Decrease in retirement benefit assets	**371**	31
Cash generated from operations	**136,847**	117,106
Income tax paid	**(25,645)**	(38,562)
NET CASH FROM OPERATING ACTIVITIES	**111,202**	78,544
INVESTING ACTIVITIES		
Interest received	**8,545**	2,739
Dividend received	**682**	–
Purchases of property and equipment	**(6,783)**	(8,639)
Proceeds from disposal of property and equipment	**120**	366
Addition of other financial assets at FVTPL	**(21,069)**	–
Placement of structured deposits	**(544,891)**	(588,614)
Settlement of structured deposits	**523,622**	587,576
Placement of time deposits	**(702,378)**	(577,128)
Withdrawal of time deposits	**849,927**	654,565
Placement of restricted bank deposits	**(29,734)**	(47,241)
Withdrawal of restricted bank deposits	**45,725**	18,530
Repayment from NCI shareholders	**–**	1,305
Advance to ultimate holding company	**–**	(3,929)
Repayment from ultimate holding company	**3,966**	1,195
Advance to fellow subsidiaries	**(2,102)**	–
Repayment from fellow subsidiaries	**1,540**	–
Addition of investments in associates	**–**	(7,900)
Net cash outflow arising from disposal of subsidiaries	**–**	(20,983)
Settlement of consideration receivables from disposal of subsidiaries	**1,515**	–
Development costs paid	**(5,456)**	–
NET CASH FROM INVESTING ACTIVITIES	**123,229**	11,842

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 RMB'000	2018 RMB'000
FINANCING ACTIVITIES		
Interest paid	**(2,480)**	–
Advance from ultimate holding company	**504**	1,328
Repayment to ultimate holding company	**(1,823)**	–
Advance from fellow subsidiaries	**1,290**	–
Repayment to fellow subsidiaries	**(2,815)**	(52)
Repayment to NCI shareholders	**–**	(5,085)
Dividends paid to NCI shareholders	**(18,732)**	(12,109)
Dividends paid	**(83,783)**	(148,484)
Repayment of lease liabilities	**(30,778)**	–
Proceeds from issue of new shares	**502,693**	–
Payment of transaction costs attributable to issue of new shares	**(30,935)**	–
Payment of deferred issue costs	**–**	(2,304)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**333,141**	(166,706)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**567,572**	(76,320)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**229,839**	286,774
Effect of foreign exchange rate changes	**9,556**	19,385
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	**806,967**	229,839

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

1. GENERAL

ManpowerGroup Greater China Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 26 September 2014. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 July 2019. The addresses of the Company's registered office and principal place of business in the People's Republic of China (the "PRC") are PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and 36/F, Xin Mei Union Square, No. 999, Pudong Road (S), Pudong District, Shanghai, PRC, respectively.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the provision of a comprehensive range of workforce solutions and services in the PRC, Hong Kong Special Administrative Region of the PRC ("Hong Kong"), Macau Special Administrative Region of the PRC ("Macau") and Taiwan (collectively referred to as "Greater China Region").

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs and an interpretation issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

International Financial Reporting Standard ("IFRS") 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to International Accounting Standard ("IAS") 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to IFRSs and the interpretation in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

2.1 IFRS 16 *Leases*

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 *Leases* ("IAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Continent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the PRC, Hong Kong, Macau and Taiwan was determined on a portfolio basis.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

2.1 IFRS 16 *Leases* (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entities range from 3.41% to 4.83%.

	At 1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	88,483
Less: Recognition exemption – short-term leases	(10,759)
	77,724
Lease liabilities discounted at relevant incremental borrowing rates as at 1 January 2019	70,985
Analysed as:	
Current	25,783
Non-current	45,202
	70,985

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Note	**Right-of-use assets** RMB'000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		70,985
Reclassified from prepaid rent	*(a)*	1,201
By class:		
Leasehold land and buildings		72,186

(a) Prepaid rent was classified as prepayments at 31 December 2018. Upon application of IFRS 16, the prepayments of approximately RMB1,201,000 were reclassified to right-of-use assets.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

2.1 IFRS 16 *Leases* (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Note	**Carrying amounts previously reported at 31 December 2018** RMB'000	**Adjustments** RMB'000	**Carrying amounts under IFRS 16 at 1 January 2019** RMB'000
Non-current asset				
Right-of-use assets		–	72,186	72,186
Current asset				
Trade and other receivables, deposits and prepayments	*(a)*	451,409	(1,201)	450,208
Current liability				
Lease liabilities		–	25,783	25,783
Non-current liability				
Lease liabilities		–	45,202	45,202

Note a: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2022.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in IFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective (Continued)

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in IFRS Standards (Continued)

Consequential amendments have been made so that references in certain IFRSs have been updated to the New Framework, whilst some IFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in note 2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of certain office premises, motor vehicles and computer equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2) (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2) (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessee (prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs and termination benefits

Payments to government sponsored defined contribution pension scheme in the PRC, the Mandatory Provident Fund Scheme in Hong Kong, defined contribution retirement benefit schemes in Taiwan and the Social Security Fund in Macau are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item “cost of services”, “selling expenses” or “administrative expenses”. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs and termination benefits (Continued)

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost by attributing contributions to the employees' periods of service in accordance with IAS 19 paragraph 70.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property and equipment

Property and equipment are tangible assets that are held for use in the supply of services or for administrative purposes. Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of the reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way of purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, amounts due from ultimate holding company and fellow subsidiaries, restricted bank deposits, time deposits with original maturity over three months and bank balances and cash) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for credit-impaired debtors and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial asset at amortised cost has not increased significantly since initial recognition if the relevant instrument is determined to have low credit risk at the reporting date. A financial asset at amortised cost is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset at amortised cost to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from ultimate holding company and fellow subsidiaries are each assessed as a separate group);
- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and amounts due to ultimate holding company and fellow subsidiaries are subsequently measured at amortised cost, using the effective interest method.

Derecognition/Substantial modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill and intangible assets with indefinite useful lives

Determining whether goodwill and trademarks with indefinite useful lives are impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill and trademarks have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss / further impairment loss may arise. As at 31 December 2019, the carrying amount of goodwill is approximately RMB64,411,000 (2018: RMB69,310,000) (net of accumulated impairment loss of approximately RMB6,232,000 (2018: nil)) while the carrying amount of trademarks is approximately RMB32,412,000 (2018: RMB31,777,000). Details of the recoverable amount calculation are disclosed in note 18.

Provision of ECL for trade receivables

Trade receivables that are credit-impaired are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the remaining trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 32 and 22, respectively.

5. REVENUE AND SEGMENT INFORMATION

Segment information

Information reported to the Chief Executive Officer, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

1. Workforce Solutions – the Group provides the following services to its customers:

   - Flexible staffing service for which the Group helps to provide contingent workers for customers who wish to manage their own headcount or only require workers for a limited time or a specific project. The Group provides contingent workers contracted with the Group that it finds suitable for the job descriptions and assign them to the customers.

   - Headhunting service for which the Group helps customers search for, identify and recommend suitable candidates for job vacancies.

   - Recruiting process outsourcing ("RPO") services include RPO management services and recruitment services. The Group assists customers' hiring process, which include candidate assessments, screening, conducting candidate interviews, providing sourcing technology, and providing the Group's marketing and recruiting expertise.

2. Other Human Resource ("HR") Services – the Group provides HR services to customers who need assistance in outplacement, leadership development, career management, talent assessment, and training and development services.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by operating and reportable segment:

Year ended 31 December 2019

	Workforce Solutions RMB'000	Other HR Services RMB'000	Total RMB'000
Continuing operations			
Segment revenue	2,963,762	77,751	3,041,513
Segment profit	553,813	32,784	586,597
Unallocated:			
Selling expenses			(345,354)
Administrative expenses			(75,225)
Other income			10,938
Impairment losses under ECL model, net of reversal			1,410
Other gains and losses			(1,687)
Finance costs			(2,480)
Share of loss of associates			(1,926)
Listing expenses			(18,242)
Profit before tax			154,031

Year ended 31 December 2018

	Workforce Solutions RMB'000	Other HR Services RMB'000	Total RMB'000
Continuing operations			
Segment revenue	2,426,790	64,704	2,491,494
Segment profit	533,214	31,299	564,513
Unallocated:			
Selling expenses			(336,264)
Administrative expenses			(67,421)
Other income			3,070
Impairment losses under ECL model, net of reversal			(227)
Other gains and losses			2,558
Share of loss of associates			(1,702)
Listing expenses			(18,195)
Profit before tax			146,332

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations of customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers#		Non-current assets*	
	2019 RMB'000	2018 RMB'000	**2019 RMB'000**	2018 RMB'000
Continuing operations				
PRC	**1,511,849**	1,179,587	**92,527**	30,060
Hong Kong and Macau	**698,390**	622,527	**123,797**	111,431
Taiwan	**831,274**	689,380	**9,379**	4,617
	3,041,513	2,491,494	**225,703**	146,108

* Non-current assets excluded those relating to deferred tax assets and financial instruments.

Revenue from external customers excluded those relating to discontinued operation.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the gross profit earned by each segment without allocation of selling expenses, administrative expenses, other income, impairment losses under ECL model, net of reversal, other gains or losses, finance costs, share of loss of associates and listing expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. In addition, the impairment loss on goodwill of approximately RMB6,232,000 (2018: nil) recognised in profit or loss for Workforce Solutions segment is provided to the CODM but not included in the measure of segment profit.

There were no inter-segment sales for both years.

Segment assets and liabilities

Information reported to the CODM for the purposes of resource allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

Information about major customers

The Group's customer base is diversified. There was no customer with whom transactions have exceeded 10% of the Group's revenue for both years.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue

Year ended 31 December 2019

	Workforce Solutions RMB'000	Other HR Services RMB'000	Total RMB'000
Continuing operations			
Types of service			
Flexible staffing	2,685,217	–	2,685,217
Headhunting	244,902	–	244,902
RPO	33,643	–	33,643
Others	–	77,751	77,751
	2,963,762	77,751	3,041,513
Timing of revenue recognition			
A point in time	268,093	–	268,093
Over time	2,695,669	77,751	2,773,420
	2,963,762	77,751	3,041,513

Year ended 31 December 2018

	Workforce Solutions RMB'000	Other HR Services RMB'000	Total RMB'000
Continuing operations			
Types of service			
Flexible staffing	2,124,304	–	2,124,304
Headhunting	272,343	–	272,343
RPO	30,143	–	30,143
Others	–	64,704	64,704
	2,426,790	64,704	2,491,494
Timing of revenue recognition			
A point in time	291,811	–	291,811
Over time	2,134,979	64,704	2,199,683
	2,426,790	64,704	2,491,494

5. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue (Continued)

Flexible staffing services include the augmentation of customers' workforce with the Group's contingent employees performing services under the customers' supervision, which provides the customers with a source of flexible labor. The Group provides flexible staffing services under the brands of "Manpower" and "萬寶盛華" in the Greater China Region. Flexible staffing contracts are generally short-term in nature, and the Group generally enters into contracts that include only a single performance obligation. The revenue of flexible staffing service is based on a fixed amount on a per headcount or hour basis and recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The customers are usually billed at the end of each month, or in advance for certain customers, with an average credit terms of 30–90 days.

Headhunting services include providing qualified candidates to the customers to hire on a permanent basis. The Group provides headhunting services under the brands of "Experis" and "萬寶瑞華" in the Greater China Region. The revenue for headhunting services are recognised at a point in time when the Group places the qualified candidate, because the Group has determined that control of the performance obligation has transferred to the customers (i.e., service performed) as it has the right to payment for its service and the customers have accepted its service of providing a qualified candidate to fill a permanent position. Revenue recognised from headhunting services is based upon either a fixed fee per placement or as a percentage of the candidate's salary. The customers are usually billed when the Group places the qualified candidate with an average credit terms of 30–90 days.

RPO services include RPO management services and recruitment services. The Group provides RPO services under the brand of "ManpowerGroup Solutions" in the Greater China Region. The RPO management services and recruitment services are distinct and, therefore, separate performance obligations within the RPO contracts as (i) the customers can benefit from each service on its own, and (ii) each service is separately identifiable within the contract. The prices as specified in the contracts will generally be broken out between management fees and recruitment fees, which the directors of the Company consider the standalone selling price of each service as they are the observable inputs which depict the prices as if they were sold to a similar client in similar circumstances. The consideration from contracts is allocated to each performance obligation based on the relative standalone selling price. For recruitment services, revenue is recognised at a point in time when the Group places the qualified candidate, because the Group determined that control of the performance obligation has transferred to the customers (i.e., service performed) as it has the right to payment for its service and the client has accepted its service of providing a qualified candidate to fill a position. RPO management services include the various activities of managing the permanent workforce of the customers, which include candidate assessments, screening, conducting candidate interviews, providing sourcing technology, and providing the marketing and recruiting expertise. The Group performs these activities to fulfill the overall obligation to provide permanent workforce management services, so they are not individually distinct and, therefore, the Group accounts for them as a single performance obligation. The RPO management services are charged on a monthly basis and revenue of RPO management services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The customers are usually billed at the end of each month with an average credit terms of 30–90 days.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue (Continued)

Other HR services include HR consultancy services, training and development services, career transition services and payroll as well as compensation & benefits services. The revenue of other HR services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The customers are usually billed on a regular basis with an average credit terms of 30–90 days.

All of the Group's revenue are made directly with the customers. The periods of flexible staffing services, headhunting services, RPO services and other HR services are generally within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Information about customer types

The Group's customers mainly consist (i) multinational corporations and local enterprises and (ii) government bodies in Greater China Region. Revenue analysis by customer type is as follows:

	2019 RMB'000	2018 RMB'000
Continuing operations		
Multinational corporations and local enterprises	**2,902,327**	2,407,538
Government bodies	**139,186**	83,956
	3,041,513	2,491,494

6. OTHER INCOME

	2019 RMB'000	2018 RMB'000
Continuing operations		
Interest income	**8,545**	2,739
Dividend income from equity instruments at FVTOCI	**682**	–
Government grant *(Note)*	**1,000**	–
Others	**711**	331
	10,938	3,070

Note: Government grants represent incentive subsidies received in relation to business carried out by the Group in the PRC. There were no specific conditions/assets attached to the grants and, therefore, the Group recognised the grants upon receipts. The subsidies were granted on a discretionary basis to the Group during the year ended 31 December 2019.

7. OTHER GAINS AND LOSSES

	2019 RMB'000	2018 RMB'000
Continuing operations		
Impairment loss on goodwill	**(6,232)**	–
Net exchange gains (losses)	**870**	(966)
Net fair value change in financial assets at FVTPL	**3,675**	3,524
	(1,687)	2,558

8. FINANCE COSTS

	2019 RMB'000	2018 RMB'000
Continuing operations		
Interest on lease liabilities	**2,480**	–

The interest on lease liabilities for the year ended 31 December 2019 represents the interest accretion of lease liabilities recognised upon the adoption of IFRS 16 on 1 January 2019.

9. INCOME TAX EXPENSE

	2019 RMB'000	2018 RMB'000
Continuing operations		
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**18,049**	18,546
– Hong Kong Profits Tax	**5,734**	7,847
– Macau Complementary Tax	**313**	129
– Taiwan Income Tax	**7,692**	6,841
– Taiwan dividend withholding tax	**–**	5,634
	31,788	38,997
Under(over)provision in prior years:		
– PRC EIT	**175**	–
– Hong Kong Profits Tax	**(107)**	(51)
	68	(51)
Deferred tax	**1,697**	(879)
	33,553	38,067

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. The Group's subsidiaries that are tax residents in the PRC are subject to the PRC dividend withholding tax of 5% for those non-PRC tax resident immediate holding companies registered in Hong Kong, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

9. INCOME TAX EXPENSE (Continued)

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000.

Macau Complementary Tax is calculated at 12% of the estimated assessable profit for both years.

Taiwan Income Tax is calculated at 20% of the estimated assessable profit for both years. Under the relevant regulations in Taiwan, unappropriated earnings of subsidiaries in Taiwan is subject to a corporate surtax of 5%.

The Company incorporated in Cayman Islands is not subject to income tax or capital gain tax under the law of Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

The group entities established in British Virgin Islands ("BVI") are not subject to income tax or capital gain tax under the law of BVI.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 **RMB'000**	2018 RMB'000
Profit before tax (from continuing operations)	**154,031**	146,332
Tax at PRC EIT rate of 25%	**38,508**	36,583
Tax effect of expenses not deductible for tax purpose	**4,984**	4,704
Tax effect of income not taxable for tax purpose	**(77)**	(93)
Tax effect of share of loss of associates	**482**	426
Tax effect of different tax rates of group entities operating in other jurisdictions	**(11,359)**	(6,267)
Utilisation of tax losses previously not recognised	**–**	(3,632)
Income tax on unappropriated earnings for subsidiaries in Taiwan	**938**	1,067
Withholding tax	**–**	5,634
Increase in opening deferred tax assets resulting from an increase in applicable tax rate	**–**	(304)
Under(over)provision in respect of prior years	**68**	(51)
Others	**9**	–
Income tax expense for the year (relating to continuing operations)	**33,553**	38,067

At 31 December 2019, the Group has unused tax losses of approximately RMB531,000 (2018: RMB497,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The tax losses will be expired at various time within a period of five years from the year of origination.

10. DISCONTINUED OPERATION

In December 2018, the Group entered into an agreement with a non-controlling shareholder to dispose of the Group's 40.5% equity interest in Reach Human Resource Service (Guangzhou) Co., Ltd. (廣州市鋭旗人力資源服務有限公司) ("Guangzhou Reach"), a subsidiary which carried out the Group's operation under the brand of "ReachHR" in the PRC at a consideration of RMB20,250,000. The disposal was completed on 12 December 2018, on which date control of Guangzhou Reach passed to the acquirer. Upon such disposal, the Group holds 19.5% equity interest in Guangzhou Reach and does not have control or significant influence in Guangzhou Reach. The Group accounts such equity investment as an equity instrument at FVTOCI at 31 December 2019 and 2018.

The profit for the year from the discontinued operation is set out below:

	2019 RMB'000	2018 RMB'000
Profit of ReachHR operation	–	4,786
Gain on disposal of ReachHR operation	–	244
	–	5,030

The result of the ReachHR operation for the period ended 12 December 2018, which have been included in the consolidated statement of profit or loss and other comprehensive income, was as follows:

	Period ended 12 December 2018 RMB'000
Revenue	665,995
Cost of services	(626,793)
Selling expenses	(27,551)
Administrative expenses	(5,163)
Other expenses	(191)
Profit before tax	6,297
Income tax expense	(1,511)
Profit for the period	4,786
Profit for the period from discontinued operation includes the following:	
Depreciation	477
Auditor's remuneration	328

10. DISCONTINUED OPERATION (Continued)

During the period ended 12 December 2018, the operation paid approximately RMB15,129,000 to the Group's net operating cash flows, contributed approximately RMB5,305,000 in respect of investing activities and paid approximately RMB3,000,000 in respect of financing activities.

The net assets of the discontinued operation at the date of disposal were as follows:

	RMB'000
Consideration:	
Consideration receivable *(Note i)*	19,119
Analysis of assets and liabilities over which control was lost:	
Non-current assets	
Property and equipment	1,227
Deferred tax assets	393
Deposits	129
	1,749
Current assets	
Trade and other receivables	53,066
Bank balances and cash	20,983
	74,049
Current liability	
Trade and other payables	(28,998)
Net assets disposed of	46,800
Net assets derecognised attributable to:	
Owners of the Company	28,080
Non-controlling interests	18,720
	46,800
Gain on disposal of the discontinued operation:	
Consideration receivable	19,119
Net assets disposed of attributable to owners of the Company	(28,080)
Equity instruments at FVTOCI *(Note ii)*	9,205
Gain on disposal	244
Net cash outflow arising on disposal:	
Cash consideration	–
Less: bank balances and cash disposed of	(20,983)
	(20,983)

10. DISCONTINUED OPERATION (Continued)

Notes:

(i) Pursuant to the sale and purchase agreement, the cash consideration of RMB20,250,000 will be settled in three instalments by March 2021. During the year ended 31 December 2019, balance of RMB1,515,000 was settled and the Group had renegotiated with the acquirer to have the outstanding balance of RMB18,735,000 be settled in three instalments by April 2022. Accordingly, the receivables are adjusted for the effect of the time value of money using an effective interest rate of 4.75% per annum. Such consideration receivables are recorded on the consolidated statement of financial position of the Group as follows:

	2019 RMB'000	2018 RMB'000
Other receivables:		
– Current *(note 22)*	6,148	6,671
– Non-current	11,533	12,448
	17,681	19,119

(ii) The Group's remaining 19.5% equity interest in Guangzhou Reach upon the disposal is no longer accounted for as a subsidiary and is classified as an equity instrument at FVTOCI.

11. PROFIT FOR THE YEAR

	2019 RMB'000	2018 RMB'000
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Directors' emoluments *(note 12)*		
Fees	324	–
Salaries, allowances and other benefits	3,218	2,926
Retirement benefit scheme contributions	101	95
Performance related bonus	2,556	2,491
Equity-settled share-based expense	36	–
	6,235	5,512
Other staff costs		
Salaries, allowances and other benefits	2,207,405	1,826,880
Retirement benefit scheme contributions	284,667	231,063
Equity-settled share-based expense	316	–
	2,492,388	2,057,943
Total staff costs	2,498,623	2,063,455
Auditor's remuneration	3,450	3,216
Minimum lease payments	–	32,364
Depreciation of property and equipment	4,526	3,380
Depreciation of right-of-use assets	32,345	–
Expenses related to short-term leases	73	–
Amortisation of intangible assets	2,705	2,589
Gain on disposal of property and equipment	(59)	(137)
Research and development costs recognised as an expense (included in administrative expenses)	5,451	8,965

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable during the year for their services rendered to the entities comprising the Group are as follows:

Year ended 31 December 2019

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Performance related bonus RMB'000 *(Note ii)*	Equity-settled share-based expense RMB'000	Total RMB'000
Executive director:						
Yuan Jianhua *(Note i)*	–	3,218	101	2,556	36	5,911
Non-executive directors:						
Darryl E Green	–	–	–	–	–	–
Sriram Chandrasekar	–	–	–	–	–	–
Zhang Yinghao	–	–	–	–	–	–
Zhai Feng	–	–	–	–	–	–
Independent non-executive directors:						
Thomas Yeoh Eng Leong *(Note iii)*	108	–	–	–	–	108
Wong Man Lai Stevie *(Note iii)*	108	–	–	–	–	108
Victor Huang *(Note iii)*	108	–	–	–	–	108
	324	3,218	101	2,556	36	6,235

Year ended 31 December 2018

	Fees RMB'000	Salaries, allowances and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Performance related bonus RMB'000 *(Note ii)*	Equity-settled share-based expense RMB'000	Total RMB'000
Executive director:						
Yuan Jianhua *(Note i)*	–	2,926	95	2,491	–	5,512
Non-executive directors:						
Darryl E Green	–	–	–	–	–	–
Sriram Chandrasekar	–	–	–	–	–	–
Zhang Yinghao	–	–	–	–	–	–
Zhai Feng	–	–	–	–	–	–
	–	2,926	95	2,491	–	5,512

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Notes:

(i) The executive director's emoluments shown above were for his services in connection with the management of the affairs of the Company and the Group and the capacity as the chief executive of the Company.

(ii) The performance related bonus are determined based on the performance of the director on a discretionary basis.

(iii) No independent non-executive directors were appointed by the Company during the year ended 31 December 2018. Thomas Yeoh Eng Leong, Wong Man Lai Stevie and Victor Huang were appointed as independent non-executive directors of the Company on 15 March 2019.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group during the year include one director (2018: one director), details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining four (2018: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019 RMB'000	2018 RMB'000
Salaries, allowances and other benefits	**9,229**	6,756
Retirement benefit scheme contributions	**324**	331
Performance related bonus	**3,937**	5,512
Equity-settled share-based expense	**92**	–
	13,582	12,599

The number of the highest paid employees who are not the directors of the Company whose emolument fell within the following bands is as follows:

	2019 No. of employees	2018 No. of employees
HK$2,000,001 to HK$2,500,000	**–**	2
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,000,001 to HK$3,500,000	**3**	–
HK$4,500,001 to HK$5,000,000	**–**	1
HK$5,500,001 to HK$6,000,000	**1**	–
	4	4

No emoluments were paid by the Group to any of the directors or chief executive officer of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office during both years. Neither of the chief executive officer, nor directors of the Company nor the five highest paid individuals waived any emoluments during both years.

During the year, certain non-director and non-chief executive highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 28 to the Group's consolidated financial statements.

14. DIVIDENDS

On 21 December 2018, an interim dividend of US$1,100 (equivalent to approximately RMB7,576) per share for the year ended 31 December 2018, in an aggregate amount of US$21.6 million (equivalent to approximately RMB148.5 million), was proposed by the directors of the Company and approved by the shareholders of the Company. The dividend was paid in December 2018.

During the year, a final dividend of US$12.2 million (equivalent to approximately RMB83.8 million) in respect of the year ended 31 December 2018 was declared and paid.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2019 of HK$0.27 per ordinary share, in an aggregate amount of approximately HK$56 million (equivalent to approximately RMB50 million), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

15. EARNINGS PER SHARE

For continuing operations

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	2019 RMB'000	2018 RMB'000
Profit for the year attributable to owners of the Company	**110,149**	98,156
Less: profit for the year from discontinued operation	**–**	(3,116)
Earnings for the purpose of basic and diluted earnings per share from continuing operations	**110,149**	95,040

Number of shares

	2019	2018
Weighted average number of ordinary shares for the purpose of basic earnings per share	**176,993,151**	150,000,000
Effect of dilutive potential ordinary shares:		
Over-allotment option issued by the Company	**66,586**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**177,059,737**	N/A

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been determined on the assumption that the redenomination of issued share capital and the issue of 135,097,920 ordinary shares pursuant to the capitalisation issue as described in note 27 have been effective on 1 January 2018.

The computation of diluted earnings per share for the year ended 31 December 2019 did not assume the exercise of share options granted by the Company because the exercise price of those options was higher than the average market price for shares for 2019.

15. EARNINGS PER SHARE (Continued)

No diluted earnings per share for the year ended 31 December 2018 was presented as there were no potential ordinary shares in issue for 2018.

From continuing and discontinued operations

The calculation of the basic earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	2019 RMB'000	2018 RMB'000
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**110,149**	98,156

The denominators used are the same as those detailed above for both basic earnings per share.

From discontinued operation

For the year ended 31 December 2018, basic earnings per share for the discontinued operation was RMB0.021, based on the profit for the year from the discontinued operation attributable to owners of the Company of approximately RMB3,116,000 and the denominators detailed above for basic earnings per share.

16. PROPERTY AND EQUIPMENT

	Leasehold improvements RMB'000	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Computer equipment RMB'000	Total RMB'000
COST						
At 1 January 2018	12,853	1,835	11,098	96	16,680	42,562
Additions	2,688	–	1,289	–	4,662	8,639
Disposals	(798)	–	(373)	–	(590)	(1,761)
Disposal of subsidiaries	(1,556)	–	(478)	(96)	(1,165)	(3,295)
Exchange adjustments	71	–	346	–	367	784
At 31 December 2018	13,258	1,835	11,882	–	19,954	46,929
Additions	3,166	–	474	–	3,143	6,783
Disposals	–	–	(7,682)	–	(4,966)	(12,648)
Exchange adjustments	32	–	224	–	203	459
At 31 December 2019	16,456	1,835	4,898	–	18,334	41,523
ACCUMULATED DEPRECIATION						
At 1 January 2018	9,347	762	10,029	74	11,962	32,174
Provided for the year	1,297	87	77	18	2,378	3,857
Eliminated on disposals	(626)	–	(343)	–	(563)	(1,532)
Eliminated on disposal of subsidiaries	(836)	–	(369)	(92)	(771)	(2,068)
Exchange adjustments	57	–	316	–	292	665
At 31 December 2018	9,239	849	9,710	–	13,298	33,096
Provided for the year	1,848	87	331	–	2,260	4,526
Eliminated on disposals	–	–	(7,666)	–	(4,921)	(12,587)
Exchange adjustments	22	–	187	–	147	356
At 31 December 2019	11,109	936	2,562	–	10,784	25,391
CARRYING VALUES						
At 31 December 2019	5,347	899	2,336	–	7,550	16,132
At 31 December 2018	4,019	986	2,172	–	6,656	13,833

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	20% or shorter of lease term
Buildings	5%
Furniture and fixtures	20%
Motor vehicles	20% – $33^1/_3$%
Computer equipment	20% – $33^1/_3$%

17. RIGHT-OF-USE ASSETS

	Leasehold land and buildings RMB'000
As at 1 January 2019	
Carrying amount	72,186
As at 31 December 2019	
Carrying amount	81,535
For the year ended 31 December 2019	
Depreciation charge	32,345
Expenses relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16	10,759
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	–
Total cash outflow for leases	41,610
Additions to right-of-use assets	40,700

For both years, the Group leases various offices premises for its operations. Lease contracts are entered into for fixed term of 6 months to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office premises. As at 31 December 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 11.

Restrictions or covenants on leases

In addition, lease liabilities of approximately RMB81,844,000 are recognised with related right-of-use assets of approximately RMB81,535,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases committed

As at 31 December 2019, the Group entered into new leases for several office premises that are not yet commenced, with non-cancellable period of 5 years, the total future undiscounted cash flows under which amounted to approximately RMB21,586,000 over the non-cancellable period.

Details of the lease maturity analysis of lease liabilities are set out in note 26.

18. GOODWILL AND IMPAIRMENT TESTING ON GOODWILL AND OTHER INTANGIBLE ASSET WITH INDEFINITE USEFUL LIVES

	2019 RMB'000	2018 RMB'000
COST		
At 1 January	69,310	65,910
Exchange adjustments	1,333	3,400
At 31 December	70,643	69,310
IMPAIRMENT		
At 1 January	–	–
Impairment loss recognised in the year	6,232	–
At 31 December	6,232	–
CARRYING VALUES		
At 31 December	64,411	69,310

For the purposes of impairment testing, goodwill and trademarks with indefinite useful lives have been allocated to three individual cash-generating units ("CGUs"), comprising three subsidiaries in the Workforce Solutions segment. The carrying amounts of goodwill and trademarks (net of accumulated impairment losses, if any) allocated to these units are as follows:

	2019 RMB'000	2018 RMB'000
Goodwill:		
– Manpower Services (Hong Kong) Limited ("Manpower Services HK")	30,426	29,830
– Xi'an Foreign Enterprise Service Co., Ltd.* 西安外國企業服務有限公司 ("Xi'an Fesco")	2,610	2,610
– Event Elite Production and Promotion Limited ("Event Elite")	31,375	36,870
Trademarks:		
– Event Elite	32,412	31,777
	96,823	101,087

* *For identification purposes only*

18. GOODWILL AND IMPAIRMENT TESTING ON GOODWILL AND OTHER INTANGIBLE ASSET WITH INDEFINITE USEFUL LIVES (Continued)

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

The recoverable amounts of CGUs have been determined based on a value in use calculation. Their recoverable amounts are based on certain similar key assumptions including discount rate and revenue growth rates. Their value in use calculations use cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flow projections beyond the 5-year period are extrapolated using a steady 3% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry in which the businesses of the CGUs operate. For the year ended 31 December 2019, the pre-tax rates used to discount the forecast cash flows from Manpower Services HK, Xi'an Fesco and Event Elite are 15% (2018: 15.5%), 16% (2018: 16%) and 20.5% (2018: 20.5%), respectively.

Cash flow projections during the budget period for the CGUs are also based on management's estimation of cash inflows/outflows including gross revenue, gross margin, operating expenses and working capital requirements during the budget period. The assumptions and estimations are based on the CGU's past performance, management's expectations of the market development.

During the year, due to the adverse change of market conditions, the directors of the Company have consequently determined impairment of goodwill directly related to Event Elite amounting to approximately RMB6,232,000. The impairment loss has been included in profit or loss in the "other gains and losses" line item. No other write-down of the assets of Event Elite is considered necessary. The recoverable amount of Event Eilte amounted to approximately RMB114.4 million as at 31 December 2019.

If the discount rate was changed to 21.5%, while other parameters remain constant, the recoverable amount of Event Elite would reduce to approximately RMB108.9 million and a further impairment of goodwill of approximately RMB2.8 million would be recognised.

During the year ended 31 December 2019, management of the Group determines that there is no impairment on the other CGUs. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the other CGUs to exceed the recoverable amount of the respective CGUs.

During the year ended 31 December 2018, management of the Group determined that there was no impairment on any of its CGUs. Management believed that any reasonably possible change in any of these assumptions would not cause the carrying amount of any of its CGUs to exceed the recoverable amount of the respective CGUs.

19. OTHER INTANGIBLE ASSETS

	Trademarks RMB'000	Customers relationships RMB'000	Softwares RMB'000	Total RMB'000
COST				
At 1 January 2018	30,158	12,801	–	42,959
Exchange adjustments	1,619	688	–	2,307
At 31 December 2018	31,777	13,489	–	45,266
Additions	–	–	5,456	5,456
Exchange adjustments	635	270	–	905
At 31 December 2019	32,412	13,759	5,456	51,627
AMORTISATION				
At 1 January 2018	–	854	–	854
Charge for the year	–	2,589	–	2,589
Exchange adjustments	–	154	–	154
At 31 December 2018	–	3,597	–	3,597
Charge for the year	–	2,705	–	2,705
Exchange adjustments	–	119	–	119
At 31 December 2019	–	6,421	–	6,421
CARRYING VALUES				
At 31 December 2019	32,412	7,338	5,456	45,206
At 31 December 2018	31,777	9,892	–	41,669

The following useful lives are used in the calculation of amortisation:

Trademarks	Indefinite lives
Customers relationships	5 years
Softwares	10 years

Trademarks are considered by the management as having indefinite useful lives as they can be renewed at minimal cost and are expected to contribute indefinitely to the Group's net cash inflows. They are not amortised but subject to an annual impairment test and whenever there is any impairment indicator. Particulars of the impairment testing is disclosed in note 18.

20A. INTERESTS IN ASSOCIATES

	2019 RMB'000	2018 RMB'000
Cost of investments in associates	**7,900**	7,900
Share of post-acquisition losses and other comprehensive expense, net of dividends received	**(3,628)**	(1,702)
	4,272	6,198

Details of each of the Group's associates at the end of the reporting period are as follow:

Name of company	Country of incorporation/ operation	Proportion of ownership interest held by the Group 2019	2018	Proportion of voting rights held by the Group 2019	2018	Principal activities
上海金鑫企業管理有限公司 Shanghai Jinzhou Enterprise Management Co., Ltd.*	PRC	**34%**	34%	**34%**	34%	Human resource services
北京萬智國際人力資源有限公司 Beijing Wanzhi International Human Resources Co., Ltd.*	PRC	**35%**	35%	**35%**	35%	Human resource services
匯智盛華(瀋陽)人力資源服務有限公司 Huizhishenghua (Shenyang) Human Resources Services Co., Ltd.*	PRC	**20%**	20%	**20%**	20%	Human resource services
南京盛華領航企業管理諮詢有限公司 Nanjing Shenghua Linghang Enterprise Management Consultancy Co., Ltd.*	PRC	**34%**	34%	**34%**	34%	Human resource services

All of these associates are accounted for using the equity method in the consolidated financial statements.

Aggregate information of associates that are not individually material

	2019 RMB'000	2018 RMB'000
The Group's share of total comprehensive expense	**(1,926)**	(1,702)

* *For identification purposes only*

20B. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As disclosed in note 10, upon the disposal of 40.5% equity interest in Guangzhou Reach in December 2018, the Group's remaining 19.5% equity interest in Guangzhou Reach is no longer accounted for as a subsidiary and is classified as an equity instrument at FVTOCI.

There is no significant change in the fair values of the investments during both years.

21. DEFERRED TAX ASSETS/LIABILITIES

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Bad debts provision RMB'000	Accrued payroll expenses RMB'000	Tax losses RMB'000	Other intangible assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2018	680	1,683	518	(6,948)	518	(3,549)
Disposal of subsidiaries	(172)	–	(64)	–	(157)	(393)
Credit (charge) to profit or loss	57	305	(454)	427	544	879
Exchange adjustments	9	–	–	(354)	54	(291)
At 31 December 2018	**574**	**1,988**	**–**	**(6,875)**	**959**	**(3,354)**
Charge to profit or loss	**(353)**	**(109)**	**–**	**(917)**	**(318)**	**(1,697)**
Exchange adjustments	**14**	**20**	**–**	**(131)**	**6**	**(91)**
At 31 December 2019	**235**	**1,899**	**–**	**(7,923)**	**647**	**(5,142)**

Under the EIT Law of PRC and relevant laws and regulations in Taiwan, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards and Taiwan subsidiaries, that are received by non-local resident entities. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries and Taiwan subsidiaries in aggregate amounting to RMB144.8 million (2018: RMB120.2 million) as at 31 December 2019, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 RMB'000	2018 RMB'000
Trade receivables	478,031	417,274
Less: allowance for credit losses	(3,197)	(4,607)
Total trade receivables	474,834	412,667
Deposits and prepayments	32,374	26,242
Consideration receivable *(note 10)*	6,148	6,671
Deferred issue costs	–	4,296
Prepaid listing expenses	–	1,533
Total trade and other receivables, deposits and prepayments	513,356	451,409

Prepaid rent was adjusted upon the initial application of IFRS 16. Details of the adjustments are set out in note 2.

At 1 January 2018, trade receivables from contracts with customers amounted to approximately RMB368,329,000.

The following is an aged analysis of trade receivables net of allowance for credit losses, presented based on the invoice dates:

	2019 RMB'000	2018 RMB'000
0–30 days	436,220	383,073
31–60 days	22,685	17,915
61–90 days	7,748	8,034
Over 90 days	8,181	3,645
	474,834	412,667

As at 31 December 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB17,517,000 (2018: RMB13,015,000) which are past due as at the reporting date. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set in note 32.

23. AMOUNTS DUE FROM (TO) ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES

The amounts due from ultimate holding company of nil (2018: RMB3,965,000) and fellow subsidiaries of approximately RMB574,000 (2018: nil) at 31 December 2019 are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The remaining amounts due from ultimate holding company of nil (2018: RMB194,000) and fellow subsidiaries of approximately RMB273,000 (2018: nil) at 31 December 2019 are trade in nature, unsecured, non-interest bearing and repayable on demand.

The following is an ageing analysis of amounts due from ultimate holding company and fellow subsidiaries (trade related) at the end of the reporting period, presented based on the invoice date:

	Amount due from ultimate holding company		Amounts due from fellow subsidiaries	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
0–30 days	**–**	96	**137**	–
31–60 days	**–**	98	**28**	–
61–90 days	**–**	–	**67**	–
Over 90 days	**–**	–	**41**	–
	–	194	**273**	–

Details of impairment assessment of amounts due from ultimate holding company and fellow subsidiaries are set out in note 32.

The amounts due to ultimate holding company of approximately RMB7,902,000 (2018: RMB9,068,000) and fellow subsidiaries of approximately RMB211,000 (2018: RMB1,731,000) at 31 December 2019 are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The remaining amounts due to ultimate holding company of approximately RMB2,470,000 (2018: RMB11,645,000) and fellow subsidiaries of approximately RMB738,000 (2018: RMB680,000) at 31 December 2019 are trade in nature, unsecured, non-interest bearing and repayable on demand.

The following is an ageing analysis of amounts due to ultimate holding company and fellow subsidiaries (trade related) at the end of the reporting period, presented based on the invoice date:

	Amount due to ultimate holding company		Amounts due to fellow subsidiaries	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
0–30 days	**736**	656	**116**	280
31–60 days	**743**	805	**38**	50
61–90 days	**650**	1,037	**38**	38
Over 90 days	**341**	9,147	**546**	312
	2,470	11,645	**738**	680

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/RESTRICTED BANK DEPOSITS/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/BANK BALANCES AND CASH

Financial assets at FVTPL represent the financial products issued by the banks in the PRC and the unlisted equity investments entered with a financial institution in Hong Kong. As at 31 December 2019, the financial assets at FVTPL of approximately RMB56,000,000 (2018: RMB87,279,000) is pledged for surety bonds issued by the banks to the Group (note 33).

Restricted bank deposits represent bank deposits which are restricted for surety bonds issued to the Group by banks (see note 33) for service contracts as requested by customers. As at 31 December 2019, the restricted bank deposits carried interest rates of 0.49% to 1.65% (2018: 0.50% to 2.18%) per annum.

Time deposits with original maturity over three months of approximately RMB5,000 (2018: RMB147,184,000) represent fixed deposits with maturity more than three months from the date of acquisition which carried interest at prevailing market rate of 0.59% (2018: ranging from 1.54% to 1.85%) per annum as at 31 December 2019.

As at 31 December 2019, bank balances carried interest at prevailing market rates of 0.005% to 2.6% (2018: 0.005% to 0.69%) per annum.

Details of impairment assessment are set out in note 32.

25A. TRADE AND OTHER PAYABLES

	2019 **RMB'000**	2018 RMB'000
Trade payables	**14,941**	15,124
Accrued payroll and other expenses	**313,652**	292,262
Other tax payables	**29,859**	21,954
Accrued issue costs and listing expenses	**–**	14,408
	358,452	343,748

The following is an aged analysis of the trade payables at the end of the reporting period, presented based on the invoice date:

	2019 **RMB'000**	2018 RMB'000
0–30 days	**14,655**	13,308
31–60 days	**30**	343
61–90 days	**56**	1,180
91–120 days	**200**	293
	14,941	15,124

25B. CONTRACT LIABILITIES

The Group requires advanced payments from certain customers mainly from flexible staffing services. When the Group receives advanced payments before the service commences, this will give rise to contract liabilities at the commencement of a contract, until the revenue recognised on the relevant contract exceeds the amount of the advanced payments. All of the contract liabilities at the end of the reporting periods were recognised as revenue in subsequent year.

At 1 January 2018, contract liabilities amounted to approximately RMB10,500,000.

26. LEASE LIABILITIES

	2019 RMB'000
Lease liabilities payable:	
Within one year	31,858
Within a period of more than one year but not more than two years	24,556
Within a period of more than two years but not more than five years	25,430
	81,844
Less: Amount due for settlement with 12 months shown under current liabilities	(31,858)
Amount due for settlement after 12 months shown under non-current liabilities	49,986

Rental deposits of approximately RMB14.1 million was paid as of 31 December 2019 for the lease liabilities.

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	HK$ RMB'000	TWD RMB'000
As at 31 December 2019	14,611	4,785

27. SHARE CAPITAL

	Par value	Number of shares	Amount US$	Amount HK$	Shown in consolidated financial statements RMB'000
Ordinary shares					
Authorised:					
At 1 January 2018, 31 December 2018 and 1 January 2019	US$1	50,000	50,000	N/A	
Cancellation *(Note i)*	US$1	(50,000)	(50,000)	N/A	
Redenomination on 18 January 2019 *(Note i)*	HK$0.01	38,000,000	N/A	380,000	
Increase in authorised shares capital on 5 June 2019 *(Note ii)*	HK$0.01	1,482,000,000	N/A	14,820,000	
At 31 December 2019	HK$0.01	1,520,000,000	–	15,200,000	
Issued and fully paid:					
At 1 January 2018, 31 December 2018 and 1 January 2019	US$1	19,608	19,608	N/A	125
Cancellation *(Note i)*	US$1	(19,608)	(19,608)	N/A	(125)
Redenomination on 18 January 2019 *(Note i)*	HK$0.01	14,902,080	N/A	149,021	125
Issue of shares under capitalisation issue *(Note iii)*	HK$0.01	135,097,920	N/A	1,350,979	1,196
Issue of shares pursuant to initial public offering *(Note iv)*	HK$0.01	50,000,000	N/A	500,000	442
Issue of shares upon over-allotment option exercised *(Note v)*	HK$0.01	7,500,000	N/A	75,000	67
At 31 December 2019	HK$0.01	207,500,000	–	2,075,000	1,830

27. SHARE CAPITAL (Continued)

Notes:

(i) On 18 January 2019, the authorised share capital of the Company was redenominated from US$50,000 divided into 50,000 shares of US$1 each to HK$380,000 divided into 38,000,000 shares of HK$0.01 each. The number of issued share capital also converted from 19,608 shares of US$1 each to 14,902,080 shares of HK$0.01 each.

(ii) On 5 June 2019, the Company increased its authorised share capital from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$15,200,000 divided into 1,520,000,000 shares of HK$0.01 each by the creation of an additional 1,482,000,000 shares of HK$0.01 each.

(iii) On 10 July 2019, the Company capitalised an amount of HK$1,350,979.2 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par of 135,097,920 shares for allotment and issue of the shares of the Company to the shareholders as of date of passing of the resolution on a pro-rata basis.

(iv) On 10 July 2019, the Company issued 50,000,000 ordinary shares at HK$0.01 each pursuant to the global offering of the shares of the Company at the price of HK$9.90 per share and the Company's shares were listed on the Stock Exchange on the same date.

(v) On 2 August 2019, the over-allotment option was fully exercised and the Company issued additional 7,500,000 ordinary shares on 7 August 2019.

28. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 5 June 2019 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 5 June 2029, subjected to earlier termination by the Company in general meeting or by the board of directors. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31 December 2019, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 3,827,000, representing 1.8% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue immediately upon completion of the global offering of the shares of the Company, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period up to date of offer is not permitted to exceed an aggregate 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of an aggregate 0.1% of the Company's share in issue in the 12-month period up to and including the date of offer and with an aggregate value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

The period during which an option may be exercised will be determined by the board of directors in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of offer, (ii) the average closing price of the shares for the five business days immediately preceding the date of offer; and (iii) the nominal value of the Company's share.

28. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of the Company (Continued)

On 20 September 2019, the Company granted 4,000,000 share options at exercise price of HK$10.94 per share option ("2019 Share Options"), subject to the acceptance of grantees, to subscribe for an aggregate of 4,000,000 shares under the Scheme, and of which 400,000 share options were granted to the directors and 138,000 share options were not accepted by the eligible employees. The 2019 Share Options shall be vested on 20 September 2022 conditionally upon fulfilment of the performance targets based on the growth rate of the Company's audited net profit.

2019

The following table discloses movements of the Company's share options:

	Exercise price	Date of grant	Number of share options: Outstanding at 1 January 2019	Granted during year	Forfeited during year	Outstanding at 31 December 2019
Directors	HK$10.94	20.9.2019	–	400,000	–	400,000
Employees	HK$10.94	20.9.2019	–	3,462,000	(35,000)	3,427,000
			–	3,862,000	(35,000)	3,827,000
Exercisable at the end of the year						–
Weighted average exercise price (HK$)			–	10.94	10.94	10.94

The estimated fair values of the options granted on 20 September 2019 are approximately RMB4,260,000.

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	2019
Exercise price	**HK$10.94**
Expected volatility	**30.16%**
Expected life	**6 years**
Risk-free rate	**1.27%**
Expected dividend yield	**2.79%**
Exercise multiple	**2.2–2.8**

Expected volatility was determined by using the historical volatility of comparable companies as an estimate. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of approximately RMB352,000 for the year ended 31 December 2019 in relation to share options granted by the Company.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

29. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

(a) The PRC

The Group's full-time employees in the PRC are covered by a government sponsored defined contribution pension scheme, and are entitled to a monthly pension from their retirement dates. The PRC Government is responsible for the pension liability to these retired employees. The Group is required to make annual contributions to the retirement plan at a rate of 12% to 20% (2018: 12% to 20%) of employees' salaries, which are charged to profit or loss as an expense when the contributions are due.

(b) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The mandatory provident fund scheme (the "MPF Scheme") is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

The Group's and the employees' contributions to the MPF Scheme are each set at 5% of the employees' salaries up to a maximum of HK$1,500 since 1 June 2014 per employee per month. The Group's contributions to the MPF Scheme are fully and immediately vested to the employees once they are paid.

(c) Taiwan

According to the Labor Pension Act in Taiwan, for employees who are hired on or after 1 July 2005, an employer is required to contribute each month an amount equivalent to at least 6% of each employee's monthly salary into the employee's personal pension fund account at the Bureau of Labor Insurance. The employees may also voluntarily contribute up to 6% of their monthly salaries to the personal pension fund account.

The Taiwan defined contribution scheme was established under trust with the assets of the funds held separately from those of the Group by independent trustees.

(d) Macau

Eligible employees in Macau are covered by a government-mandated defined contribution plan pursuant to which a fixed amount of retirement benefit would be determined by the Macau Government. Contributions are generally made by both employees and employers by paying a fixed amount on a monthly basis to the Social Security Fund managed by the Macau Government. The Group funds the entire contribution and has no further commitments beyond its monthly contributions.

During the year ended 31 December 2019, total amounts contributed by the Group to the schemes in the PRC, Hong Kong and Taiwan and charged to profit or loss, which represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes are approximately RMB284,768,000 (2018: RMB231,158,000) for continuing operations.

29. RETIREMENT BENEFIT PLANS (Continued)

Defined Benefit Plan

A subsidiary of the Group in Taiwan also participates in a defined benefit retirement scheme for its eligible employees in Taiwan (the "Taiwan Scheme"). Under the Taiwan Scheme, the employees are entitled to retirement benefits calculated on the basis of the length of service and average monthly salaries before the attainment of a retirement age of 65. The employer contributes amounts equal to 2% of the employees' total monthly salary and no contribution is required from the employee. The assets of the Taiwan Schemes are held under a government-run trust separate from those of the Group. As at 31 December 2019, the directors of the Company assessed the present value of the defined benefits obligations based on an actuarial valuation of plan assets performed by an independent professionally qualified actuary using the projected unit credit method.

The plan in Taiwan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity instruments, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it is appropriate that a reasonable portion of the plan assets should be invested in equity instruments and in real estate to leverage the return generated by the fund.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The main actuarial assumptions used were as follows:

	2019 %	2018 %
Discount rate	**1.00**	1.50
Expected rate of long-term salary increases	**4.00**	4.00

The actuarial valuation showed that the market value of plan assets at 31 December 2019 was approximately RMB1,663,000 (2018: RMB1,543,000) and that the actuarial value of these assets represented 101% (2018: 134%) of the benefits that had accrued to members.

29. RETIREMENT BENEFIT PLANS (Continued)

Defined Benefit Plan (Continued)

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	2019 RMB'000	2018 RMB'000
Current service cost	28	–
Interest expense on defined benefit obligation	17	16
Interest income on plan assets	(23)	(23)
Components of defined benefit costs recognised in profit or loss	22	(7)
Remeasurement of the net defined benefit liability:		
Actuarial losses arising from changes in financial assumptions	131	26
Actuarial losses arising from experience adjustments	262	56
Gain on plan assets	(46)	(35)
Income tax related to actuarial losses from remeasurement of defined benefit obligations	(69)	(8)
Components of defined benefit costs recognised in other comprehensive income	278	39
Total	300	32

The expense for the year has been included in salaries, bonus and pension expenses. The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of the plan is as follows:

	2019 RMB'000	2018 RMB'000
Fair value of plan assets	1,663	1,543
Present value of funded obligations	(1,646)	(1,155)
Net asset arising from defined benefit obligations	17	388

29. RETIREMENT BENEFIT PLANS (Continued)

Defined Benefit Plan (Continued)

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2019 RMB'000	2018 RMB'000
At 1 January	1,155	1,024
Actuarial losses arising from changes in financial assumptions	131	26
Actuarial losses arising from experience adjustments	262	56
Current service cost	28	–
Interest expense	17	16
Exchange differences	53	33
At 31 December	1,646	1,155

Movements in the fair value of the plan assets in the current year were as follows:

	2019 RMB'000	2018 RMB'000
At 1 January	1,543	1,443
Gain on plan assets (excluding interest income on plan assets)	46	35
Interest income	23	23
Exchange differences	51	42
At 31 December	1,663	1,543

The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	Fair value of plan assets	
	2019 RMB'000	2018 RMB'000
Bank deposits	271	291
Equity instruments	754	716
Debt instruments	476	438
Others	162	98
At 31 December	1,663	1,543

29. RETIREMENT BENEFIT PLANS (Continued)

Defined Benefit Plan (Continued)

During the year ended 31 December 2019, the actual return on plan assets was approximately RMB23,000 (2018: RMB23,000).

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of reporting period, while holding all other assumptions constant.

- If the discount rate is 25 basis points higher (lower), the defined benefit obligation would decrease by approximately RMB70,000 (increase by RMB74,000) (2018: decrease by approximately RMB53,000 (increase by RMB56,000)).

- If the expected salary growth increases (decreases) by 0.25%, the defined benefit obligation would increase by approximately RMB71,000 (decrease by RMB68,000) (2018: increase by approximately RMB54,000 (decrease by RMB51,000)).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

30. OPERATING LEASES

The Group as lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 RMB'000
Within one year	29,324
In the second to fifth year inclusive	59,159
	88,483

Operating lease payments represented rentals payable by the Group for its office premises. Lease terms were negotiated and rentals were fixed for an average of three years.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of net debt, which includes amounts due to ultimate holding company and fellow subsidiaries disclosed in note 23, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

32. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2019 RMB'000	2018 RMB'000
Financial assets		
Equity instruments at FVTOCI	9,705	9,705
Financial assets at FVTPL	133,292	87,279
Amortised cost	1,326,052	854,677
Financial liabilities		
Amortised cost	26,262	52,656
Lease liabilities	81,844	–

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount due from (to) ultimate holding company, amounts due from (to) fellow subsidiaries, time deposits with original maturity over three months, restricted bank deposits, bank balances and cash, lease liabilities and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Inter-company balances of the Company and certain subsidiaries are denominated in US$ which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging of significant foreign currency exposure should the need arise.

The carrying amounts of the group entities' foreign currency denominated monetary assets and monetary liabilities at the end of the reporting periods are as follows:

	Assets		Liabilities	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Inter-company balances				
US$	645,620	233,890	645,620	233,890

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The foreign currency financial liabilities denominated in US$ are arising from group entities with HK$ as functional currency. As HK$ is pegged to US$, the foreign currency exchange risk is considered to be limited. For the Company having significant US$ financial assets where RMB is the functional currency, it has exposure to the foreign currency exchange risk to US$.

The following table details the Group's sensitivity to a 5% (2018: 5%) increase in RMB against US$. 5% (2018: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2018: 5%) change in foreign currency rates. A negative number below indicates decrease in post-tax profit or increase in post-tax loss where RMB strengthens 5% (2018: 5%) against US$. For a 5% (2018: 5%) weakening of RMB against US$, there would be an equal and opposite impact on the result.

	2019 RMB'000	2018 RMB'000
Impact of US$ on profit/loss for the year	**(32,281)**	(11,695)

The directors of the Company considered the sensitivity analysis is unrepresentative of the inherent foreign exchange rate as the year-end exposure does not reflect the exposure during the relevant years.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate time deposits with original maturity over three months (see note 24 for details) and lease liabilities (see note 26 for details). The Group is also exposed to cash flow interest rate risk in relation to variable rate restricted bank deposits and bank balances (see note 24 for details).

Management has considered the Group's exposure to cash flow interest rate risk in relation to variable-rate restricted bank deposits and bank balances and fair value interest rate risk in relation to fixed-rate time deposits with original maturity over three months and lease liabilities to be limited because the current market interest rates are relatively low and stable.

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk

The Group is exposed to equity price risk through its unquoted investments measured at FVTPL and FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analyses for equity instruments at FVTOCI, which are unquoted equity securities with fair value measurement categorised within Level 3, were disclosed in note 32c. For the financial assets at FVTPL which are unquoted investments with fair value measurement categorised within Level 2, if the prices of the respective investments had been 5% (2018: 5%) higher/lower, the post-tax profit for the year ended 31 December 2019 would increase/decrease by approximately RMB1,065,000 (2018: nil) as a result of the changes in fair value of unquoted investments at FVTPL.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables, amount due from ultimate holding company, amounts due from fellow subsidiaries, restricted bank deposits, time deposits with original maturity over three months and bank balances and cash. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts and sufficient allowance on doubtful debts are provided on timely manner. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, Hong Kong and Taiwan, which accounted for 48% (2018: 44%), 27% (2018: 29%), and 25% (2018: 27%) of the total trade receivables as at 31 December 2019, respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on different groups of customers which share common risk characteristics that are representative of the customers' ability to pay all amounts due in accordance with the contract terms, and individually for credit-impaired customers. Impairment of approximately RMB1,664,000 (2018: RMB1,310,000) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables and amounts due from ultimate holding company and fellow subsidiaries

The directors of the Company have taken into account internal credit rating based on the historical default experience and credit quality and various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. For the purpose of impairment assessment, the ECL of these financial assets is measured under 12m ECL and considered to be immaterial as the counterparties to these `financial assets have a high credit rating.

Restricted bank deposits, time deposits with original maturity over three months and bank balances and cash

Credit risk on restricted bank deposits, time deposits with original maturity over three months and bank balances and cash is limited because the counterparties are banks and financial institutions with high credit ratings assigned by international credit rating agencies generally. The Group assessed 12m ECL for restricted bank deposits, time deposits with original maturity over three months and bank balances and cash by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits, time deposits with original maturity over three months and bank balances and cash is considered to be insignificant.

Other than the concentration of credit risk on restricted bank deposits, time deposits with original maturity over three months and bank balances and cash placed in banks in which the counterparties are financially sound, the Group has no significant concentration of credit risk with exposure spread over a number of counterparties.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default, does not have any past-due amounts and usually settled within credit period	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor with past-due amounts and frequently repays after due dates	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources (with past-due amounts within 1 year)	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired (with past-due amounts over 1 year and no recent repayments)	Lifetime ECL – credit-impaired	Lifetime ECL – not credit-impaired

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2019 RMB'000	Gross carrying amount 2018 RMB'000
Financial assets at amortised cost						
Trade receivables	*22*	N/A	*(Note 1)*	Lifetime ECL (provision matrix)	476,498	413,977
			Loss *(Note 1)*	Credit-impaired	1,533	3,297
					478,031	417,274
Other receivables	*10, 22*	N/A	*(Note 2)*	12m ECL	17,681	19,119
Amount due from ultimate holding company	*23*	N/A	*(Note 2)*	12m ECL	–	4,159
Amounts due from fellow subsidiaries	*23*	N/A	*(Note 2)*	12m ECL	847	–
Restricted bank deposits	*24*	BBB+ to A+	N/A	12m ECL	25,718	41,709
Time deposits with original maturity over three months	*24*	A-	N/A	12m ECL	5	147,184
Bank balances and cash	*24*	BBB+ to AAA	N/A	12m ECL	806,967	229,839
Total					1,329,249	859,284

Notes:

1. For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the ECL on these items by using a provision matrix, grouped by internal credit rating.

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

1. (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amounts of approximately RMB1,533,000 as at 31 December 2019 (2018: RMB3,297,000) were assessed individually.

	2019			2018		
	Average loss rate	**Gross trade receivables RMB'000**	**ECL RMB'000**	Average loss rate	Gross trade receivables RMB'000	ECL RMB'000
Assessed based on provision matrix						
Internal credit rating:						
Low risk	0.24%	460,514	1,105	0.24%	404,259	970
Watch list	3.5%	15,984	559	3.5%	9,718	340
		476,498	1,664		413,977	1,310
Assessed individually						
Loss	100%	1,533	1,533	100%	3,297	3,297
		478,031	3,197		417,274	4,607

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 1 January 2018	–	5,070	5,070
Disposal of subsidiaries	–	(690)	(690)
Impairment losses reversed	–	(1,083)	(1,083)
Impairment loss recognised	1,310	–	1,310
As at 31 December 2018	1,310	3,297	4,607
Impairment losses reversed	(1,310)	(1,764)	(3,074)
Impairment loss recognised	1,664	–	1,664
As at 31 December 2019	1,664	1,533	3,197

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

1. (Continued)
   All of the above impairment losses related to receivables arising from contracts with customers.

   During the year ended 31 December 2019, impairment loss of approximately RMB1,664,000 (2018: RMB1,310,000) was recognised for non-credit-impaired trade receivables. No impairment loss was recognised for credit-impaired trade receivables for both years.

2. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

   As at 31 December 2019 and 2018, the balance is not past due and the internal credit rating is considered as low risk.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows of the Group.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity date for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Repayable on demand or less than 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2019					
Non-derivative financial liabilities					
Trade and other payables	–	14,941	–	14,941	14,941
Amount due to ultimate holding company	–	10,372	–	10,372	10,372
Amounts due to fellow subsidiaries	–	949	–	949	949
Lease liabilities	4.16	35,357	53,529	88,886	81,844
		61,619	53,529	115,148	108,106

32. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Repayable on demand or less than 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2018				
Non-derivative financial liabilities				
Trade and other payables	–	29,532	29,532	29,532
Amount due to ultimate holding company	–	20,713	20,713	20,713
Amounts due to fellow subsidiaries	–	2,411	2,411	2,411
		52,656	52,656	52,656

c. Fair value measurements of financial instruments

This note provides information about how the Group determines fair values to various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

32. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at 31 December 2019 RMB'000	2018 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted equity investments classified as equity instruments at FVTOCI	**9,705**	9,705	Level 3	Market comparison approach – in this approach, fair value was determined with reference to recent transaction price.	Price-to-earnings ratio ("P/E ratio") (2018: Recent transaction price)	The higher the P/E ratio, the higher the fair value (2018: The lower recent transaction price, the lower the fair value of the investment, vice versa. A 3% decrease in the recent transaction price, holding all other variables constant, would decrease the carrying amount of the equity instruments by approximately RMB291,000, vice versa.)
Financial assets at FVTPL (Structured deposits)	**112,000**	87,279	Level 3	Discounted cash flows – Future cash flows are estimated based on estimated return of which are determined by reference to the change in certain interest rates quoted in the market or the performance of underlying investments as specified in the relevant deposit placements, and discounted at a rate that reflects the credit risk of various counterparties.	Estimated return	The higher the estimated return, the higher the fair value, vice versa. A 1% decrease in the estimated return, holding all other variables constant, would decrease the carrying amount of the financial assets by approximately RMB118,000 (2018: RMB79,000), vice versa.
Unlisted investment measured at financial assets at FVTPL (unlisted fund)	**21,292**	–	Level 2	Quoted price from a third party financial institution which determined with reference to the value of underlying investments.	N/A	N/A

There was no transfer among the different levels of the fair value hierarchy for both years.

32. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

(ii) Reconciliation of Level 3 fair value measurements

The following table presents the reconciliation of Level 3 fair value measurements of the structured deposits and unlisted investments classified as equity instruments at FVTOCI during the reporting period:

	Structured deposits RMB'000
At 1 January 2018	82,717
Purchase of structured deposits	588,614
Redemption of structured deposits	(587,576)
Net gain on structured deposits	3,524
At 31 December 2018	87,279
Purchase of structured deposits	544,891
Redemption of structured deposits	(523,622)
Net gain on structured deposits	3,452
At 31 December 2019	112,000

	Unlisted investments classified as equity instruments at FVTOCI RMB'000
At 1 January 2018	500
Recognition of retained equity interest of Guangzhou Reach upon disposal of subsidiaries *(note 10)*	9,205
At 31 December 2018, 1 January 2019 and 31 December 2019	9,705

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

32. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

(iv) Fair value measurement and valuation process

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group may engage third party qualified valuers to perform the valuation or obtain relevant data from the banks or other relevant parties, if applicable. The finance department of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

33. SURETY BONDS AND CONTINGENT LIABILITY

Certain customers of service contracts undertaken by the Group require the Group to issue guarantees for performance of contract works in the form of surety bonds.

The Group had outstanding performance bonds, for which certain restricted bank deposits and financial assets at FVTPL are pledged (note 24), as follows:

	2019 **RMB'000**	2018 RMB'000
Issued by the banks	**81,718**	128,988

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Accrued issue costs RMB'000	Amount due to ultimate holding company (non-trade nature) RMB'000	Amounts due to fellow subsidiaries (non-trade nature) RMB'000	Loans from NCI shareholders RMB'000	Lease liabilities RMB'000	Dividends payables RMB'000	Total RMB'000
At 1 January 2018	–	7,345	1,783	5,085	–	10,309	24,522
Financing cash flows	(2,304)	1,328	(52)	(5,085)	–	(160,593)	(166,706)
Non-cash changes							
Issue costs accrued	4,296	–	–	–	–	–	4,296
Dividends declared	–	–	–	–	–	150,284	150,284
Exchange adjustments	–	395	–	–	–	–	395
At 31 December 2018	**1,992**	**9,068**	**1,731**	**–**	**–**	**–**	**12,791**
Adjustment upon application of IFRS 16	**–**	**–**	**–**	**–**	**70,985**	**–**	**70,985**
At 1 January 2019 (restated)	**1,992**	**9,068**	**1,731**	**–**	**70,985**	**–**	**83,776**
Financing cash flows	**(30,935)**	**(1,319)**	**(1,525)**	**–**	**(33,258)**	**(102,515)**	**(169,552)**
Non-cash changes							
Issue costs accrued	**28,943**	**–**	**–**	**–**	**–**	**–**	**28,943**
Interest expense recognised *(note 8)*	**–**	**–**	**–**	**–**	**2,480**	**–**	**2,480**
Dividends declared	**–**	**–**	**–**	**–**	**–**	**102,515**	**102,515**
New leases entered	**–**	**–**	**–**	**–**	**40,700**	**–**	**40,700**
Exchange adjustments	**–**	**153**	**5**	**–**	**937**	**–**	**1,095**
At 31 December 2019	**–**	**7,902**	**211**	**–**	**81,844**	**–**	**89,957**

35. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group has entered into the following significant transactions with related parties:

	Nature of transaction	2019 RMB'000	2018 RMB'000
Ultimate holding company	Flexible staffing service income	**–**	1,119
	Flexible staffing service expense	**9**	287
	License fee expense	**9,174**	8,892
	Information technology services expense	**170**	201
	Software licensing and maintenance services expense	**–**	226
	Manpower Employment Outlook Survey license fee expense	**95**	90
Fellow subsidiaries	Flexible staffing service income	**3,523**	1,093
	Flexible staffing service expense	**429**	354
	Project and management coordination services income	**331**	443
	Software licensing and maintenance services expense	**489**	423

35. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2019 RMB'000	2018 RMB'000
Short-term employee benefits	8,707	7,496
Post-employment benefits	182	175
Share-based payments	73	–
	8,962	7,671

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company 2019	2018	Principal activities
Directly held:					
ManpowerGroup Greater China (BVI) Limited	BVI 30 September 2014	HK$334,296,674	100%	100%	Investment holding
Indirectly held:					
萬寶盛華人力資源(中國)有限公司 ManpowerGroup (China) Human Resources Co., Ltd.*	Shanghai 18 March 2003	US$4,800,000	100%	100%	Human resource services
萬寶盛華企業管理諮詢(上海)有限公司 Manpower Enterprise Management Consulting (Shanghai) Co., Ltd.*	Shanghai 10 February 2012	RMB5,000,000	100%	100%	Human resource services

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

General information of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company 2019	2018	Principal activities
Indirectly held: (Continued)					
萬寶盛華信息科技(上海)有限公司 Manpower Information Technology (Shanghai) Co., Ltd.*	Shanghai 25 July 2014	RMB2,000,000	**100%**	100%	Human resource services
萬寶盛華睿信教育科技廣東有限公司 Manpower Ruixin Education Technology Guangdong Co., Ltd.*	Foshan 18 August 2016	RMB10,000,000	**100%**	100%	Career training
萬寶瑞華人才管理諮詢(上海)有限公司 Experis Management Consulting (Shanghai) Co., Ltd.*	Shanghai 22 May 2012	RMB5,000,000	**100%**	100%	Human resource services
萬寶瑞華人才管理諮詢(北京)有限公司 Experis Management Consulting (Beijing) Co., Ltd.*	Beijing 12 January 2015	RMB500,000	**100%**	100%	Human resource services
Xi'an Fesco	Xi'an 29 May 1997	RMB2,000,000	**60%**	60%	Human resource services
睿仕管理諮詢(上海)有限公司 Right Management Consulting (Shanghai) Co., Ltd.*	Shanghai 20 January 2015	RMB5,000,000	**100%**	100%	Human resource services
萬寶瑞華人才管理諮詢(深圳)有限公司 Experis Management Consulting (Shenzhen) Co., Ltd.	Shenzhen 8 May 2019	RMB2,000,000	**100%**	–	Human resource services
ManpowerGroup Greater China (HK) Limited	Hong Kong 8 October 2014	HK$299,558,242	**100%**	100%	Investment holding

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

General information of subsidiaries (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company 2019	2018	Principal activities
Indirectly held: (Continued)					
Manpower Services HK	Hong Kong 6 January 1997	HK$66,982,831	**100%**	100%	Human resource services
ManpowerGroup Solutions Holdings Hong Kong Limited	Hong Kong 8 October 2014	HK$43,026,193	**60%**	60%	Investment holding
Legal Futures (HK) Limited	Hong Kong 20 September 2002	HK$10,000	**100%**	100%	Executive recruitment consultancy service
Event Elite	Hong Kong 12 July 2000	HK$14,286	**50.99%**	50.99%	Flexible staffing service
Manpower Services (Macau) Limited	Macau 26 July 2007	MOP300,000	**100%**	100%	Human resource services
Right Management Hong Kong Holdings Limited	Hong Kong 20 October 2014	HK$1	**100%**	100%	Out placement and leadership development services
Manpower Outsourcing Services (Macau) Limited	Macau 6 July 2017	MOP25,000	**100%**	100%	Human resource services
萬寶華企業管理顧問股份有限公司 Manpower Services (Taiwan) Co., Ltd.*	Taiwan 23 July 1997	Ordinary shares TWD10,000,000	**60%**	60%	Human resource services

* *For identification purposes only*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of a non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	**2019**	2018	**2019**	2018
				RMB'000	RMB'000	**RMB'000**	RMB'000
ManpowerGroup Solutions Holdings Hong Kong Limited	Hong Kong and Taiwan	**40%**	40%	**7,733**	6,802	**36,622**	38,933
Individually immaterial subsidiaries with non-controlling interests				**2,596**	8,337	**24,794**	30,838
				10,329	15,139	**61,416**	69,771

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

ManpowerGroup Solutions Holdings Hong Kong Limited and its subsidiaries

	2019	2018
	RMB'000	RMB'000
Current assets	**185,497**	168,170
Non-current assets	**11,382**	8,944
Current liabilities	**100,890**	78,846
Non-current liabilities	**4,434**	933
Equity attributable to owners of the Company	**54,933**	58,402
Non-controlling interests of ManpowerGroup Solutions Holdings Hong Kong Limited	**36,622**	38,933

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36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

ManpowerGroup Solutions Holdings Hong Kong Limited and its subsidiaries (Continued)

	2019 RMB'000	2018 RMB'000
Revenue	831,274	699,380
Expenses	811,941	682,376
Profit for the year	19,333	17,004
Profit attributable to owners of the Company	11,600	10,202
Profit attributable to the non-controlling interests of ManpowerGroup Solutions Holdings Hong Kong Limited	7,733	6,802
Profit for the year	19,333	17,004
Other comprehensive income attributable to owners of the Company	18	1,411
Other comprehensive income attributable to the non-controlling interests of ManpowerGroup Solutions Holdings Hong Kong Limited	14	937
Other comprehensive income for the year	32	2,348
Total comprehensive income attributable to owners of the Company	11,618	11,613
Total comprehensive income attributable to the non-controlling interests of ManpowerGroup Solutions Holdings Hong Kong Limited	7,747	7,739
Total comprehensive income for the year	19,365	19,352

	2019 RMB'000	2018 RMB'000
Dividends paid to non-controlling interests of ManpowerGroup Services Holdings Hong Kong Limited	10,058	–
Net cash inflow from operating activities	28,061	2,190
Net cash inflow (outflow) from investing activities	23,262	(27,568)
Net cash outflow from financing activities	(28,530)	–
Net cash inflow (outflow)	22,793	(25,378)

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**264,960**	264,960
Amounts due from subsidiaries	**645,620**	233,890
	910,580	498,850
CURRENT ASSETS		
Deferred issue costs and prepaid listing expenses	**–**	4,666
Prepayments and other receivables	**1,535**	–
Bank balances and cash	**1,024**	966
	2,559	5,632
CURRENT LIABILITIES		
Accruals	**2,039**	336
Accrued issue costs and listing expenses	**–**	14,408
Amounts due to subsidiaries	**17,977**	9,088
Amount due to a fellow subsidiary	**–**	15
	20,016	23,847
NET CURRENT LIABILITIES	**(17,457)**	(18,215)
NET ASSETS	**893,123**	480,635
CAPITAL AND RESERVES		
Share capital (see note 27)	**1,830**	125
Reserves	**891,293**	480,510
TOTAL EQUITY	**893,123**	480,635

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

	Share premium RMB'000	Share based payments reserve RMB'000	(Accumulated losses) retained profits RMB'000	Total RMB'000
At 1 January 2018	489,965	–	(3,948)	486,017
Profit and total comprehensive income for the year	–	–	142,977	142,977
Dividend paid	(6,405)	–	(142,079)	(148,484)
At 31 December 2018	483,560	–	(3,050)	480,510
Profit and total comprehensive income for the year	–	–	26,465	26,465
Recognition of equity-settled share-based payments	–	352	–	352
Dividend paid	(83,783)	–	–	(83,783)
Issue of shares under capitalisation issue	(1,196)	–	–	(1,196)
Issue of shares pursuant to initial public offering	435,940	–	–	435,940
Issue of shares upon over-allotment option exercised	66,244	–	–	66,244
Transaction costs attributable to issue of new shares	(33,239)	–	–	(33,239)
At 31 December 2019	867,526	352	23,415	891,293

38. EVENT AFTER THE REPORTING PERIOD

The outbreak of COVID-19 in the PRC, which subsequently spread throughout other regions including Hong Kong, Macau and Taiwan, has affected many businesses to different extent in early 2020. The respective governments in the PRC, Hong Kong, Macau and Taiwan had implemented different types and levels of precautionary measures in an attempt to curb the spread of the pandemic. Hence, the Group's ability to serve customers will largely depend on (i) the effectiveness of the government measures that have been implemented, (ii) continuous availability of workforce which may be affected by the temporary travel restrictions and home quarantine requirements, and (iii) customers' confidence and demand which may be influenced by the market sentiments and economic performances in different jurisdictions.

Based on available information up to this date, the management of the Group considers that COVID-19 has limited impact on the Group's operation in Taiwan, while the Group's operations in the PRC, Hong Kong and Macau are affected. Therefore, management may need to reassess key accounting estimates. Given the dynamic nature of these circumstances, the related impact on our Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage and will be reflected in the Group's 2020 interim and annual financial statements.

Glossary and Definition

"2019 Proposed Final Dividend"	a final dividend for 2019 of HK$0.27 per Share recommended by the Board
"2020 AGM"	the annual general meeting of the Company to be held on Monday, 29 June 2020
"Articles of Association"	the amended and restated articles of association of the Company adopted on 5 June 2019 and effective on 10 July 2019
"associate"	in the context of our flexible staffing business, a worker who is employed by our Company and outsourced to work on client premises and typically under client instruction and supervision
"Board"	The board of Directors
"cash and bank deposits"	comprise bank balances and cash, restricted bank deposits, time deposits with original maturity over three months and structured deposits (presented as financial assets at FVTPL)
"Chairman"	the chairman of the Board, Mr. Darryl E GREEN
"Chief Executive Officer"	the chief executive officer of the Group, Mr. YUAN Jianhua
"China" or "PRC"	the People's Republic of China, and for the purpose of this annual report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Controlling Shareholder(s)"	having the meaning ascribed thereto under the Listing Rules, in the context of the Company for the purposes of this annual report and the Prospectus, means MAN, CM Phoenix Tree Limited, CM Phoenix Tree II Limited, CPEChina Fund II, L.P, CITIC PE Associates II L.P and CITIC PE Funds II Limited
"Corporate Governance Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CPE Deed of Non-competition"	the deed of non-competition dated 10 June 2019 given by CM Phoenix Tree in favor of the Company (for itself and on behalf of each of its subsidiaries from time to time), particulars of which are set out in the section headed "Relationship with our Controlling Shareholders — Non-Competition Undertakings" in the Prospectus
"Director(s)"	director(s) of the Company
"Event Elite"	Event Elite Production and Promotion Limited, a company incorporated in Hong Kong with limited liability on 12 July 2000 and an indirect subsidiary of the Company, held as to approximately 50.99% by Manpower Services HK and as to approximately 29.41% and 19.60% by Mr. LEE Chun Man and Mr. YEUNG Cheung Sang, both directors of Event Elite and connected persons of the Company, respectively

"FVTOCI"	fair value through other comprehensive income
"FVTPL"	fair value through profit or loss
"GAAP"	Generally-accepted accounting principles
"Greater China Region"	the geographic region comprising the PRC, Hong Kong, Macau and Taiwan
"gross profit margin"	gross profit for the year divided by revenue for the year and multiplied by 100%
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HR"	acronym of "human resources"
"IFRS"	International Financial Reporting Standards
"Listing"	the listing of the Shares of the Company on the Main Board of the Stock Exchange on 10 July 2019
"Listing Date"	the date of the Listing on 10 July 2019
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MAN"	ManpowerGroup Inc., a company incorporated in the State of Wisconsin, the United States and listed on the New York Stock Exchange (symbol: MAN) and one of the Controlling Shareholders
"MAN Deed of non-competition"	the deed of non-competition dated 13 June 2019 entered into between MAN and the Company (for itself and on behalf of each of its subsidiaries from time to time), particulars of which are set out in the section headed "Relationship with our Controlling Shareholders – Non-Competition Undertakings" in the Prospectus
"MAN Group"	MAN and its subsidiaries and, for the purpose of this report, excluding the Group
"Manpower BVI"	ManpowerGroup Greater China (BVI) Limited, a company incorporated in the BVI with limited liability on 30 September 2014 and a wholly-owned subsidiary of the Company
"Manpower China"	萬寶盛華人力資源(中國)有限公司 (ManpowerGroup (China) Human Resources Co., Ltd.*) (formerly known as 上海萬寶盛華人力資源有限公司 (Manpower Human Resources (Shanghai) Co., Ltd*)), a limited liability company established under the laws of the PRC on March 18, 2003 and an indirect wholly-owned subsidiary of the Company

"Manpower GRC" or "Company"	ManpowerGroup Greater China Limited (萬寶盛華大中華有限公司) (formerly known as ManpowerGroup Greater China (Cayman) Limited), an exempted company incorporated under the laws of Cayman Islands with limited liability on 26 September 2014, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2180)
"Manpower HK"	ManpowerGroup Greater China (HK) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Manpower Services HK"	Manpower Services (Hong Kong) Limited (formerly known as Torrington Company Limited), a company incorporated in Hong Kong with limited liability on 6 January 1997 and an indirect wholly-owned subsidiary of the Company
"ManpowerGroup Solutions HK"	ManpowerGroup Solutions Holdings Hong Kong Limited, a company incorporated in Hong Kong with limited liability on 8 October 2014 and an indirect subsidiary of the Company
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"net gearing ratio"	the total borrowings less bank balances and cash divided by the total equity at the end of the year multiplied by 100%
"Prospectus"	the prospectus of the Company dated 27 June 2019 being issued in connection with the Listing
"Register of Members"	the register of members of the Company
"Relevant Year"	the financial year ended 31 December 2019
"RMB"	Renminbi, the lawful currency of the PRC
"RPO"	acronym of "recruitment process outsourcing," in which the Group provides outsourcing services to manage the recruiting and on-boarding process for its clients
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the capital of the Company with the nominal value of HK$0.01 each
"Share Option Scheme"	the share option scheme adopted by the Company on 5 June 2019
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

Glossary and Definition

"total indebtedness"	total interest-bearing bank and other borrowings
"US$"	United States dollars, the lawful currency of the United States
"weighted average cost of indebtedness"	the weighted average of interest costs of all indebtedness outstanding as at the end of each year

* *For identification purposes only*